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VESTED INTERESTS AND THE  
RISING TIDE OF GOVERNMENT

*By*

ROBERT V. EDWARDS



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*This book is dedicated to the memory  
of Dorothy Vance Edwards whose  
influence in my life has been strong  
and entirely good.*



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## INTRODUCTION

It may be helpful or instructive to the reader to state here that this book has been written from a viewpoint which the author considers to be Jeffersonian insofar as freedom and the rights of man are concerned. Very early in the history of our country, Jefferson energetically advanced the principles of these rights. He was in his mid-twenties when he made the first moves in this direction. He followed this course throughout his life. This learned man, master of several of the arts (he was a musician, architect, naturalist, linguist, farmer, mathematician, astronomer, as well as being a capable lawyer and author), reserved the larger part of his time for what Alexander Pope calls "the proper study of mankind."<sup>\*</sup>

The universality of Jefferson's studies and interests is indicated by the fact that he concerned himself not only with the improvement of his own social strata; he moved directly toward the greater liberation and ennoblement of the disenfranchised, the poor, the enslaved, and all those on whom the fetters of unfair restrictions lay. He took a prominent part in prison reform and in the recodification of law, particularly in his own State of Virginia. He was active in the liberalization of religious laws and regulations, which laws and regulations had then already assumed a fixed and harsh character in the New World.

Jefferson strove diligently throughout his life to free men from bondage of whatsoever class or character. His era was an era when the rights of men appeared strong and clear in the lives of thinkers and leaders.

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<sup>\*</sup> *Essay on Man*.

Some of his greatest successes in the causes of freedom strangely enough came when he was a young man. He was in his late twenties when he undertook recodification of Virginian laws, when he initiated prison reform, and when he began his attacks on the laws of entail and primogeniture. At about this age he attacked the question and problem of Negro slavery. In his early thirties Jefferson wrote the larger part of a "Summary View of the Rights of British America," a document which was to affect strongly the actions and attitudes of the first Continental Congress which met in Philadelphia in September, 1774. Jefferson rode with those who early foresaw the inevitability of separation from England and from the very first guided the colonies and directed their thoughts toward that action.

Two years later, in 1776, it was largely his facile pen which brought forth the Declaration of Independence. Jefferson was then 33 years of age.

Within eight years, this young colonist had participated in virtually every forward movement in the political life of his own commonwealth and the thirteen colonies. He frequently had initiated those movements. The magnitude of his influence and the scope of his activities were alike amazing. It is only by studying them carefully against the background of that era that we can fully understand them. Such study is beyond the scope of this work.

It requires little study, however, to realize that the motivating force behind all this accomplishment was Jefferson's early, continued, and dominating interest in the "natural and inalienable rights" of man. In 1770, acting as counsel in a case before a Virginia court, Jefferson argued that "Under the law of nature all men are born free." He never ceased hammering on this subject and he sought to implement and pre-

serve that freedom throughout the individual's lifetime. Later in his life he himself wrote: "I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man."

This struggle for man's freedom was carried out over a long period of years by a series of attacks against various forms of vested interests, various inflexible conditions of social and economic life which were stopping the free play of man's creative and intellectual abilities.

Different forms of harmful vested interests today oppose the welfare of the people and it is against those interests that this book is directed.

No argument, however, is intentionally directed against those vested interests which are commonly accepted, in the Western World, as beneficial. Examples of such beneficial vested interests are the vested interest of the individual in his home and his personal possessions, the vested interests of privately held private property which has been lawfully and properly secured, the vested interests of the workman in his right to work, to select his work and to continue at work or to desist from it, the vested interest of the enterpriser in his right to venture and to reap the rewards of his venture.

These beneficial vested interests also include those of the minister or cleric in his rights freely to speak and conduct worship, and the vested interests of organized society in its many forms where such interests are clearly favorable to society, such as eminent domain, public ownership, national defense and public domain. The spiritual and material rights or vested interests of many quasi-public agencies likewise are beyond the scope of the criticism of this work. These agencies include our great fraternal, religious and charitable organizations. Those vested interests alone

whose essential natures are or have become evil are the objects of attack.

Jefferson, in 1788-89, was a strong advocate of the Bill of Rights in our new Constitution. As President from 1800 to 1808, he fought for and succeeded in bringing about economy in government, reduction in the public debt and reduction of taxes. These virtues have been acclaimed for generations and it is only within the Twentieth Century that we find the spurious claims of pseudo-statesmen that debt and extravagance are in and of themselves no evil. On this presumption, chauvinistic government and leaders of men have confiscated (it is not too harsh a word) the wealth of people and have used or squandered it in profligate schemes of national aggrandizement or alleged social advancement.

The dynamism of Jefferson's early life never left him. He wanted good government, yes, but only so much government as men needed to protect themselves. He feared a great centralized government as a threat to the freedom of man. He struggled to reform the existing laws of inheritance as he wanted each generation to work out its own salvation. He wanted religious freedom and widespread education.

Jefferson, as a young man, pondered the problems of slavery. He advocated freeing the Negro and returning him to Africa. He foresaw the emergence of the difficult race problems which are now on our hands. In his second term as President he proposed and signed the bill ending the slave traffic from Africa.

During his first term in office, Jefferson fought the vested interests of an entrenched judiciary which had been established in a summary manner by the outgoing Federalists. He espoused throughout his life, however, a high regard for the due processes of law and was a strict constructionist of the Constitution,

never wishing to exceed its powers even in the search for national improvement, as was indicated by his forbearance in the founding of a great national University which to him, while greatly to be desired, did not seem to come within the powers granted by the Constitution.

Also in the purchase of Louisiana, he accepted blame for exceeding Constitutional powers and requested clearance from Congress for his action in what he considered an emergency matter of vital importance to the nation.

Jefferson, as a man and as a statesman, of course had his faults of character and errors in judgment. However, his lifelong belief in the worthiness of man, his years of work in the interests of man, his efforts toward the fashioning of a healthy and progressive society, his worship of individual liberty, all commend him highly to any American.

Jefferson preserved a lifelong and vigorous interest in honesty in government. He held a similar concern for the welfare of the people, all the people, rich and poor, exceptional and ordinary, religious and irreligious, white and black. Along with these two powerful motive forces in his public life was one other, a belief in simplicity in government and particularly the Federal Government:

"He is best governed who is least governed."

"Government is a necessary evil. Let us have the least of it which is compatible with our safety and well-being."

"Government is made for men and not man for government."

Those and various other similar statements indicate his attitude on this subject. Despotism in all forms was abominable to him.

It is out of love of liberty for the individual and a

conviction of its necessity that this book is written. Jefferson's kind of liberty was rather young and untried and strongly opposed in 1776. That liberty faces a world quite as unfriendly now, some one hundred and seventy years later. The friends of personal freedom have grown in number and influence, but the enemies have likewise become numerous and powerful. The conflict between freedom and coercion is still in progress and the present era is witnessing an upsurge in the intensity of the contest.

## CHAPTER I

### GENERAL DISCUSSION

#### SECTION 1

*"Countries are well cultivated, not as  
they are fertile, but as they are free."*

—MONTESQUIEU

Lighting the history of our Western world has been a divine spark, a belief in the nobility of man. It is really both more and less than a belief. It is less than a belief because a great mass of mankind as yet takes little time for reflection and decision and therefore cannot be properly described as believing in such a simple yet lofty thought as is this of the nobility of man. It is more than a belief with those relatively few great characters whose intellects and ideals light the faltering steps of man toward the distant horizon of perfection. With these men this belief is knowledge. It is faith. It is unqualified certainty. The nobility of man is, with them, the basic postulate established by divine fiat, proved by reason.

This nobility of man finds its truest expression in the freedom of man. The imperfections of his freedom are paralleled by the imperfections within his nobility. This freedom of man is not only imperfect. It is extremely unequal. The fetters which restrict his freedom are themselves dissimilar. Among some men the chains are spiritual in character. Elsewhere they are chains of material hardship, poverty, or disease. Again they appear as forms of political bondage.

Man's concepts of freedom, of his own individu-



ality, of his own nobility, are today passing through the crucible. Tomorrow they may appear as slag or they may reappear in a nobler pattern.

The progress of man across the pages of history is irregular and is marked by periods of darkness. In such periods the sense of moral and spiritual advancement is partially lost. The obscurity of these periods shrouds the efforts of man to lift himself from baseness to greatness. The dissolution of the ancient powers of the eastern Mediterranean, the break-up of Greek civilization, the decay of the Roman Empire, and the "terror" of the French Revolution all preceded or produced such dismal periods. We are today threatened with another such era. The morality of our yesterdays is giving way to the Collectivist or State morality of today. The value of an individual's life for, of, and in itself is declining. It touched a filthy nadir in Nazi Germany. Its present position is of a similar character in Bulgaria, Rumania, Russia, Spain, and other totalitarian states. In these states the government can and does command the service, the wealth, and the very life of the "comrade" or subject or vassal. Individual opposition, where encountered, is answered with liquidation by the group in power.

Enlargement of individual freedom and opportunity has not been the goal in the establishment of these totalitarian dictatorships. Other and different prizes are sought. As a matter of fact, control and power rather than freedom have been the issues at stake. This in itself is not so ominous. These same selfish motives have existed before and undoubtedly will continue to exist. The ominousness in the present world picture is that our present-day Collectivism and Totalitarianism are dynamic and are on the march. Everywhere we find strong and determined inclinations to establish these conditions on a greater scale,

to free humanity by placing it in a straight-jacket, to liberate the individual by collectivizing and regimenting the mass. In many lands a few men, selected by vested political interests, are planning and ordering the lives of millions of their fellows.

The Colonies and the United States of America had, in their three hundred years of history, and prior to the depression of the 1930's, created a national society wherein the greatest amount of the fundamental, human values were available to the individual citizen. The national, social, and economic structure was far from perfect, but it was among the best that the world had yet created. There existed here a maximum of personal freedom, of personal ambition, of personal attainment. There existed a maximum of trust in one's neighbor and also in one's government. Human aspirations and human goodness both flourished. The creature comforts of life, while not complete nor fully satisfied, surpassed those to be found elsewhere in any important nation on the face of the earth. Individual liberty and individual consideration had been developed to a high level among the American people.

As of today this has already been changed. Paraphrasing, we may say that "it has already happened here." The heavy hands of Collectivism in many flattering disguises are laying the oppression of Officialdom and Statism on the citizenry.

. . .

The concept of morality in our Western civilization is builded upon the supreme value of the individual, his potential nobility, his opportunities for redemption from a lower to a higher estate, his responsibilities for his thoughts and actions. The rewards of a successful life are open to the individual as an individual. The burdens of life are his to carry. The

concepts of early Mediterranean morality stressed the salvation of man as an individual entity. This concept was carried forward in both ancient Greece and ancient Rome. The Christian influence gave it a powerful forward impetus. If life has any moral significance under our so-called "Western" code of ethics, then individual liberty means everything. Lacking moral significance, Collectivism, which must in its very nature rest on opportunism, may then be acceptable even though it should not be able to prove itself beneficial in the long run.

Under our morality the two absolutes are the individual and humanity. Collectivism or Statism or any similar intermediate form of grouping is no more than a quasi development, a hybrid. It is not a goal, but simply a departure from truth. It ultimately possesses all the weaknesses of Nihilism and anarchy inasmuch as it acknowledges no final or predetermined law and at the same time is imbued with the ferocity of dictatorship and tyranny. Collectivism enlarges the scope of man's avarice, pride, and vindictiveness. Under it the violence of nationalism and racism may and frequently does spread with rapidity and voracity. Doubts on these allegations are dispelled whenever we examine closely those states where Collectivism has reached its highest development.

Friedrich A. Hayek in that remarkable short volume, "The Road to Serfdom," states it thus: "Outside the sphere of individual responsibility there is neither goodness nor badness . . ." And again he repeats, "Only where we ourselves are responsible for our own interests and are free to sacrifice them has our decision moral value."<sup>\*</sup>

The political science of the Anglo-Saxon gave and

<sup>\*</sup>ROAD TO SERFDOM by Friedrich A. Hayek. University of Chicago Press, 1944. Page 211.

continues to assign considerable importance to the morality of society's organization, to the rights of the individual. It has been recently and thoughtfully asserted that in Anglo-Saxon society a man can attain permanent eminence only by showing real or ostensible moral stature. That fact has produced steady progress toward the reconciliation between the necessary control from the modern state and the greatest possible amount of liberty for the individual.

Founders and organizers of the Republic, along with later leaders of our nation, have most truthfully and significantly declared that our government exists only through the presence of a national consciousness and cohesion on fundamental issues. In other words, our government exists by reason of a national spiritual and mental unity of reasonable strength and proportions. Spencer in his book, "Man Versus the State," says: "The root of all well-ordered social action is a sentiment of justice, which at once insists on personal freedom and is solicitous for the like freedom of others; and there at present exists but a very inadequate amount of this sentiment."\* *This was written in 1884.*

Individual freedom, though the essence of our morality, is variegated in pattern and uneven in extent. It is therefore advisable to define it somewhat in order that its character and significance may be more accurately considered.

Freedom involves, first of all, a sense of morality, of goodness, of the welfare of man as an individual, of the feeling that right is right because it, in the long run, survives whereas evil always carries the germ of its own death and therefore eventually expires. This

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\*From THE MAN VERSUS THE STATE by Herbert Spencer, Page 77. Published by The Caxton Printers, Ltd., Caldwell, Idaho. Used by special permission of the copyright owners.

mutuality between individual liberty and goodness and the sense of right and wrong is, in turn, anchored on the fact that man's truth or morality is an expanding concept. It is not contained within preconceived limits, but continues to unfold as man's knowledge develops and his life evolves. Thus, individual freedom must always be found in the company of the moving star of men's morality and it is stimulated by the belief that free men as individuals will eventually find their way to ultimate goodness.

This condition of freedom, being based upon equity, requires the existence and use of a system of law. Such law may be written or unwritten but must contain provisions for the orderly alteration which will be necessary as society evolves. Hayek in his "Road to Serfdom" also states that, "The Rule of Law was consciously evolved only during the liberal age and is one of its greatest achievements, not only as a safeguard, but as the legal embodiment of freedom."<sup>4</sup>

The Rule of Law is the inexorable opponent of the rule by arbitrary power. No system of law will be completely just nor administered with complete justice. In spite of this any well-intentioned rule of equity, however imperfect, will gradually give and accommodate itself to the welfare of the people; and the people, as individuals, will adapt themselves to the various unintentional or accidental inequities which occur.

Men of integrity, good will, and with faith in their fellows, from the dawn of history have sought to redeem themselves from the over-lordship of other men. In this struggle the establishment of a system of law, acceptable to the society in which they have lived, has been their principal means of deliverance.

<sup>4</sup>ROAD TO SERFDOM by Friedrich A. Hayek. University of Chicago Press, 1944. Page 82.

A second condition of freedom is the requirement of room for growth. Freedom is thus shown to be a positive principle which demands an elasticity for its own proper development. It herein ties itself directly to a system of law, which system provides orderly means for its own modification and expansion.

The spontaneous and unpredictable character of human life is obvious to those who ponder it. We have only a very incomplete picture or account of our past history despite our tedious and widespread research and study.

Our future state is a subject of wide speculation. The very form of our bodies and the character of our minds were achieved through the free play of natural forces as yet unexplained to us. It was exactly such free play of human forces that developed the Greece of Pericles, the concepts of Plato and Aristotle, the Roman World and its *pax Romanum*, the Italian Renaissance, the Colonial eras and the industrial age, to mention only a few of the milestones of human history. These were spontaneous developments, little anticipated in advance and following courses so devious as to confound those who sought to point out the road even a century ahead. It is freedom which accepts this free growth as it appears and permits a ready adaptation of life to its changing course without resort to force, violence, and destruction. Life in its broader sense and in the long run, cannot be curbed, but will on the contrary revert or cling to its spontaneous nature.

The *quantity* of man's freedom or liberty is determined principally by the extent of his ability to choose or select different courses of action. Our Western morality is based on the principle of widespread individual freedom inasmuch as men are expected to assume responsibility for the results of such choices.

The development of our Western civilization has brought about great enlargements in the field of choice and the extent of freedom, despite the fact that at the same time it has established many social limitations restricting those freedoms which have come to be considered harmful to society. Among such may be noted the restrictions on carrying concealed weapons, desertion of family, traffic regulations, pure food laws, safety regulations, etc.

The character of liberty thus begins to stand out in clear relief. It is the freedom to think as one will, freedom to search for the truth for truth's sake and not necessarily to prove preconceived and pre-arranged conclusions, the freedom to move about and work as one will. It flourishes under a system of moral law. It is defined in a relatively few words in our Bill of Rights and similar humanitarian statements. This freedom is generally restricted only by the requirement that the similar freedoms of others be not infringed.

Freedom or individual freedom then in this light is a condition of life where the individual has the enjoyment of the fruits of his voluntary labor or actions.

Leading defenders of personal freedom at the time of the establishment of our own government labored under this general hypothesis. The purpose of the government was set forth in the preamble to the Constitution:

"We, the people of the United States, in order to form a more perfect Union, establish Justice, insure domestic Tranquillity, provide for the common defence, promote the general Welfare, *and secure the Blessings of Liberty to ourselves and our Posterity*, do ordain and establish this Constitution for the United States of America."

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\* Author's italics.

The conditions necessary for the maintenance of freedom were set forth in the Bill of Rights as written into our Constitution under Articles I to X. These fundamental and continuing rights, as necessary to freedom today as they were in 1789, are covered by the following articles:

"ARTICLE I

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

"ARTICLE III

"No Soldier shall, in time of peace be quartered in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law.

"ARTICLE IV

"The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

"ARTICLE V

"No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time



of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

"ARTICLE VI

"In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and the cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the Assistance of Counsel for his defence.

"ARTICLE VIII

"Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

"ARTICLE IX

"The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

"ARTICLE X

"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

The framework of an organized political society of and for the people was set forth in the body of the Constitution. All of these conditions were established as a means of guaranteeing to men a maximum field of selectivity in their own individual lives and the enjoyment of the fruits of their efforts.

Conditions of individual freedom were earlier established in the *Magna Carta* and the *English Bill of Rights* and later in the French declaration during the Revolution.

Charles Downer Hazen, in his "Modern European History," makes the following statement regarding the Declaration of the Rights of Man passed by the French Constituent Assembly in 1789, just before the bursting of the fury of the French Revolution:

"The seventeen articles of this creed asserted that men are free and equal, that the people are sovereign, that law is an expression of the popular will, and that in the making of it the people may participate, either directly, or indirectly through their representatives, and that all officials possess only that authority which has been definitely given them by law. All those liberties of the person, of free speech, free assembly, justice administered by one's peers, which had been worked out in England and America were asserted. These principles were the opposite of those of the Old Regime. If incorporated in laws and institutions they meant the permanent abolition of that system."\*

Many of these principles have been carried forward in the Preamble to the Charter of the United Nations, written in 1945 in the City of San Francisco:

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\*MODERN EUROPEAN HISTORY by Charles Downer Hazen. Henry Holt & Company, 1917. Page 88.

## **"UNITED NATIONS CHARTER**

### **"PREAMBLE**

"We the peoples of the United Nations determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind, and

"To reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and

"To establish conditions under which justice and respect for law and the pledged word can be maintained, and

"To promote social progress and better standards of life in larger freedom, and for these ends..."

The present powerful world position of Communist Russia justifies calling attention to the fact that Russian liberals, during the last half of the nineteenth century, made demands for these same or similar guarantees of freedom. Their voices were drowned in the rising tide of Collectivism and violent revolution. The impatient and virulent minority blocs were unwilling to wait for the gradual reform of a backward and despotic government. These blocs had axes of their own to grind.

The rights set forth in these basic documents are fundamental and form the broad, solid foundation for freedom. They are explicit. They do not lend themselves to opportunistic modifications or abridgments. True liberty disappears as such modifications appear.

The most protective of these rights is unquestionably that of free speech and press. Other rights may

be violated, usurped, and denied. They will reappear without great delay if the freedom to state and to distribute information is preserved.

The present concept of freedom of the press, however, is neither complete nor final despite the fact that mankind toiled for centuries to bring it to its present state of general acceptance among free peoples. Freedom of the press is now written into our basic law. Incorrectly, it has come to be accepted as a complete and obvious principle, easy to define and simple to follow. It is, however, neither. Social and economic development of our people has thrown complicating factors in the pathway of freedom of the press. The concept requires rationalization in the light of present-day developments.

Where is the freedom of the press when the great agents of the expression of such freedom are dominated by motives which are largely if not entirely commercial in character?

Where is the freedom of the press when the partisan party in power in our national government issues tons and tons and tons of directives, guides, reports, and even reams of obvious propaganda favoring its own theories of management and control and government?

The so-called free press is submerged by such outpourings. Yet it is in the nature of things that we should have commercial enterprises that operate newspapers, magazines, and radio stations, and it is in the nature of things that we should have more leadership and guidance from government. Our concept of a free press or free expression, therefore, must be developed to match the onward march of peoples.

It is impossible to separate freedom from the personal ownership of property. As it is necessary to breathe in order to sustain life, so is it necessary to observe property rights in order to preserve individual

freedom. This is not to say that such rights are above modification, for such is not the case. They must be changing continually but they must continue to exist. They cannot be abrogated nor cancelled if the freedom of man is to flourish.

A system of private property is a most important guaranty of freedom. The dispersion of control which comes from widespread private ownership is the safeguard of the individual. The centralization of power (control) spells his subordination.

Individual liberty has advanced most in those nations having free or relatively free economies. Liberty under law, that is to say, rational freedom, as found in civilized nations seems to have reached its highest stages of development where man has been a free economic agent. The two freedoms, economic and political, thus appear to correlate and complement one another. A free economic agent will demand political freedom and any citizen or subject with political freedom will implement and advance his own economic freedom.

The right to acquire private property is essential to the full development of freedom. The truly impersonal character and application of the laws of competition will implement and protect the fair acquisition of property. In fact, the universality and impersonal character of the law and of competition should lend reciprocal assistance one to the other and do lend such assistance where both are in full force and effect.

President Roosevelt, in January, 1945, said in part in a message to Congress, "We must make sure that private enterprise works as it is supposed to work — on the basis of initiative and vigorous competition, without the stifling presence of monopolies and cartels."

"Private enterprise" has been a rallying cry for the defenders of individual freedom. The cry is wrongly phrased. Its connotation is poor. It, sometimes at least, intimates private monopoly, private big business, private predatory interests. This is true in spite of the fact that the real strength and virility of private enterprise is in the small enterpriser class and not in big business, so called, at all. The basic consideration in connection with this individual freedom is respect for private ownership. Private ownership within the regulative orbit of law gives ample protection for private enterprise. The State cannot attack private enterprise without the socialization of property, large and small. Private property cannot be socialized if the rights of private ownership are respected. The devious governmental method of taking by taxation that amount of wealth which the State desires in order to secure, by purchase, other properties to which it should never have title, is a practice which cannot be too strongly condemned. That method is both insidious and hypocritical.

It must be assumed that the basic and natural right of man is to live freely within the prevalent restrictions of the laws of man and nature. The Declaration of Independence declares that men "are endowed by their Creator with inherent and inalienable rights . . . that to secure these rights, Governments are instituted among Men . . ."

This right to live freely carries the corresponding and concomitant rights of movement, of earning a living, of free expression, of selection and refusal. These rights bring us to the right or privilege of agreement, the right to contract with others. This individual right predated law and is in fact the basis of law. It is, therefore, also a basis for government.

The framers of our Constitution accepted this basic

right of contract and upon it based the written document which established and maintains our government. The Constitution is a contract between the people as individuals and the State as a collective body of individuals. As a contract it is binding on the parties thereto in accordance with the terms and the extent of the agreement. It is because of this contractual basis of our government that the regrettable violation of any of the terms of our agreement with the people is so important.

### CHARACTER OF FREEDOM SUMMARIZED

It is obvious then that the pattern of freedom is a composite one made up of many principal and secondary parts. Among the principal factors must be listed the following:

A system of living law, based on justice and equity for all the people, impersonal in character and universal in acceptance.

Freedom of speech and press.

Recognition and acceptance and observance of property rights which give to the individual a maximum amount of the fruits of his own efforts where such efforts are carried out within the scope of the law.

It is safe to say that without these there can be no assurance of continued individual liberty or freedom as those terms are defined in our Western civilization. With these factors in force, freedom cannot be lost.

A number of false or misleading personal rights have been presented to the people in recent years. Such is the alleged right to work. If a real right is intended in this respect the present phrasing is incorrect. What is probably intended is the right to earn a livelihood. Man now has and has always had the

"right" to work. The amount of work to be done is infinite and any despot is more than willing for his subjects to exercise the right to it. Prisoners have this right, as do the impressed laborers of the totalitarian state and the occupants of work or concentration camps. Slaves all had the "right" to work. It was an empty and mocking privilege. The right to a livelihood or the earning of a living is another matter, and that right is firmly based on the rights of private property, of contract, of free speech, assembly, religion, petition, and other basic human and individual rights.

The much publicized four freedoms, freedom of speech, freedom of religion, freedom from want and freedom from fear, are illusory and present no new or basic bill of human freedoms. The first two have been elemental in our political thinking for centuries. And there is no such condition in human life as freedom from want and freedom from fear.

The wants or desires of men are constantly changing. They are continually enlarging and apparently have no limits. This applies to even the basic or elemental wants of life. As for fear, there has as yet never been found any preventative for the fear of pain, death, separation, accidents, loss of friends and a thousand such common but all-important experiences known to the life of every individual.

The right to free elections and the use of the secret ballot is highly desirable, but this right in itself is insufficient as has been shown over and over again in recent history. A great and centralized power can "rig" any election with or without the secret ballot. The power of propaganda and selection of candidates and the wholesale purchasing or influencing of great portions of the population can be combined to make mockery of the so-called free election principle.



### INDIVIDUAL INEQUALITIES

The inequality of individuals is as obvious as light. Fortunately for man, the desires of individuals are as varied as are their abilities. One person is active, another is passive. One is energetic and industrious, another is slothful and indifferent. One is reflective by nature, another is dynamic. One is cautious, another is daring. One family lives well and prospers on a salary of \$5,000 per year. Another on the same salary is continually in debt, complaining of hardships, and living a rather threadbare existence. One man cares well for his belongings, his clothes, his automobile, home and property. Another is neglectful and his possessions deteriorate swiftly. One person loves order, another is happy in the midst of disorder. One thinks, and lives happily in his world of thought. Another loves action and is miserable if sentenced to inactivity.

All of these differences and a hundred more are the direct result of inherent physical differences and of variations brought about by dissimilar environment. To these differences must be added the multitude of inequalities which are brought about by the hazards of health, the occurrence of accidents, and the laws of chance.

Inequality in ability, morals, intellectual power, worldly wealth, health, resourcefulness, persistence and other factors *ad infinitum*, is found among all men as they struggle upward from savagery to barbarism to civilization and continued social improvement. The existence of this inequality has defeated and will continue to defeat the perennial efforts of the visionary and militant radicals to equalize the positions and character of men. These efforts, however,

will also continue and the rebellions against inequality will, from time to time, win different degrees of sadistic satisfaction.

The inequality of individuals is an irrefutable fact. Yet each has an equal right to live freely within the restrictions imposed by the general laws of life and nature. All should be faced with the same opportunities and responsibilities. Obviously those equal opportunities and responsibilities will not be equally managed. Freedom, however, provides some justice and equity in this general condition of inequality.

Freedom honors and promotes a continued search for truth for truth's sake. The search cannot become, under freedom, an effort to uncover special evidence to prove preconceived or previously selected conclusions.

It was the individual freedom of the eighteenth and nineteenth centuries which made possible the rapid scientific progress, the industrial advancement, the great increase of wealth and comfort, more widespread learning, and the extensive dissemination of knowledge and spiritual values which have occurred within the last two hundred years. An era of global advancement followed the centuries of the crusades for the rights of man. We can look backwards at the cause and we can study the effects, and in spite of the agonies of present-day life in Europe and elsewhere, we can take courage and pride in the partial victory of goodness over evil and in the vista of opportunity that is opening for mankind.

Alexis de Tocqueville, in his splendid book, "The Old Regime and the Revolution," had the following to say about freedom: "Do not ask me to analyze that sublime taste; it can only be felt. It has a place in every great heart which God has prepared to receive

it: it fills and inflames it. To try to explain it to those inferior minds who have never felt it is to waste time."<sup>4</sup>

The number of those who have sensed this sublime taste for and of freedom is growing. The increase is inevitable as long as mankind moves forward in that freedom. Only as progress slows or stops entirely will this noble feeling decrease in intensity or scope.

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<sup>4</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1856. Page 205.

## CHAPTER II

### GENERAL DISCUSSION

#### SECTION 2

*"The incredible cunning of the monstrous plan  
Whereby the spider State has set its web for man."*

—R. U. JOHNSON  
"THE CROWNED REPUBLIC"

A number of terms exist today which, under the influence of present world politics, have come to have a similar significance. At times these terms represent different degrees of the same influence. Again they will represent different patterns of that influence. Generally, in the modern state, they will eventually develop into the one political form, Totalitarianism. The most common of these terms are: Socialism, Collectivism, Communism, Statism, State Capitalism, the Planned Society, Leftism, Popular Frontism, and Totalitarianism. At best they all indicate an effort to take time by the forelock and speed up man's arrival at some preconceived exalted condition. In their worst forms they are fetters of slavery on the individual man which serve to reduce his life to a level of spiritual, mental, and physical serfdom.

Probably the most comprehensive and correct of the above terms is "Collectivism." The other terms all indicate a greater or lesser degree of this same element and the least emphatic of all the terms, the Planned Society, stands for social changes so great as to require a revolution in the social structure. "Moderation" and

"evolution" are disappearing from the lexicon of the leftist of today.

In fairness it may be frankly stated that many of the basic tenets of Collectivism are both justifiable and desirable. The theory of Socialism is liberal, though its practice is generally totalitarian and reactionary. The progress of civilization is accompanied by the growth of social restraint and control. As the former advances, the others spread. Our increased freedoms and expanding fields of choice are at least partially offset by the collective restraints which are concurrently placed upon us. Traffic regulations, sanitation requirements, laws of inheritance, even restrictions on our behavior toward dumb animals, all tend to curb the older "rights" of men. Literally hundreds of other similar restraints exist. Such restraints are applied under the forces of social control and collective security.

A natural question, then, is why, in the face of history, is it either wrong or harmful to proceed farther on this road, which in the light of the past seems so inevitable? Why should not the allegedly selfish and deadening interests of property rights give way to enlightened social ownership and control? Why should not the *planned* development of man's future supplant the old haphazard, wasteful, selfish, cruel forces of individual action?

The answer is as brief and direct as a rifle shot. The values of life accrue to individuals as individuals. The surrender of rights to society or to the state or to the party leadership or to other agents of Collectivism, if done at all, must be done voluntarily, and the surrender must be revocable at any time. Any effort on the part of society's agents to prevent or forestall such revocation is an attack on the primary rights of man as an individual.

The inevitable tendency of Collectivism, however,

is to vest with permanence those temporary rights which men, as individuals, have delegated to their agents.

The anonymous body of society has no inherent rights. These all belong to people. The only reason for their transfer to an agent is that the individual may possibly benefit thereby. These rights should be delegated slowly, carefully, yes, even meagerly, for it is known that the tendency toward collective restraint has runaway characteristics. The selfishness of man, together with other and more evil characteristics, has inevitably sought to outrace man's real progress with shackles of stricter and stronger collective control.

It is a simple statement, but one of tremendous significance to all civilized society, to say that the foremost political question today is the problem of individualism versus Collectivism or Statism. A world-wide movement of so-called leftists has persuaded millions that man either belongs to the State or that it is only through the agency of the State, that is, Collectivism, that he can redeem himself. The question is, will Russia's type of civilization, which is materialist and collectivist, or Western civilization, which is idealist and individualist, control our development and our thought during the coming decades? Must Western man retract, and deny his creed of the inalienable rights of men? Can those rights vest in the agents of men, in the State, or in Collectivism? Is man to go through some hideous nightmare and learn that his ideals of individual freedom were elusive phantoms? He has been through one such purgatory with Fascism and Naziism. Must another be endured?

In the event of the death of the system which is today called Capitalism the use and control of wealth will go to those who are in political control. Political ambition and greed will be united in a decision to

make political tenure certain and to vest such political interests. This tendency is widely apparent today, both here and abroad. Its full forward rush becomes more obvious as political power increases and individual power weakens. Power and wealth which, under Capitalism, are enjoyed through direct ownership, would then be enjoyed through the medium of political power under Socialism or Communism. A Tommy Manville will be replaced by a dozen Count Cianos, a Henry Ford by a multitude of Harry Bridges, Joseph Currans, etc.

Our struggle against Fascism and the autocracies of Japan and Germany ran concurrently with our silent struggle against the dictatorship of Communism. The struggle against the former to a great extent obscured the struggle against the latter. The totalitarian character of one of our powerful allies closed our mouths against giving voice to our own distinct fears of autocratic Socialism. Radicals in high places in our own country have shouted treason and waved the flag of Humanitarianism whenever words of warning or caution against the loss of personal rights have been whispered.

The cause of Socialism and Collectivism is not new. It does not belong alone to the twentieth century. Neither is it a result of the industrial revolution, though unquestionably that development has radically influenced it. The rapid growth of population and its congregation in congested urban centers has facilitated the formation of leftist groups the world over. In this respect, the socialist movement has allied itself with principles of mob psychology and used them with telling effect.

Alexis de Tocqueville, in his book, "The Old Regime and the Revolution," published about 1855, has

the following to say regarding Socialism in France in the eighteenth century:

"Read the *Code de la Nature* by Morelly; you will find together with the economist doctrines regarding the omnipotence and the boundless rights of the State, several of those political theories which have terrified France of late years, and whose origin we fancy we have seen — community of property, rights of labor, absolute equality, universal uniformity, mechanical regularity of individual movements, tyrannical regulations on all subjects, and the total absorption of the individual in the body politic.

"'Nothing,' says the first article of this code, 'belongs wholly to anyone. Property is detestable, and anyone who attempts to re-establish it shall be imprisoned for life, as a dangerous madman and an enemy of humanity.' The second article declares that 'every citizen shall be kept, and maintained, and supplied with work at the public expense. All produce shall be gathered into public garners, to be distributed to citizens for their subsistence. All cities shall be built on the same plan; all private residences shall be alike. All children shall be taken from their families at five years of age, and educated together on a uniform plan.' This book reads as if it had been written yesterday. It is a hundred years old: it appeared in 1755, simultaneously with the foundation of Quesnay's school. So true it is that centralization and socialism are natives of the same soil: one is the wild herb, the other the garden-plant."<sup>\*</sup>

This statement, quoted by de Tocqueville, antedates Edward Bellamy's "Looking Backward" by more than one hundred years. De Tocqueville in the same authoritative account of France before the revolution,

<sup>\*</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1856. Page 199.



quoted political and economic theorists and planners of *that* period. "The state, said the economists, must not only govern, it must shape the nation. It must form the mind of citizens conformably to a preconceived model. It is its duty to fill their minds with such opinions and their hearts with such feelings as it may judge necessary. In fact, there are no limits either to its rights or its powers. It must transform as well as reform its subjects; perhaps even create new subjects, if it thinks fit. 'The state,' says Bo-deau, 'moulds men into whatever shape it pleases.' That sentence expresses the gist of the whole system."<sup>\*</sup>

He continued, "They were quite familiar with the form of tyranny which we call democratic despotism, and which had not been conceived in the Middle Ages. No more social hierarchies, no distinctions of class or rank; a people consisting of individuals entirely equal, and as nearly alike as possible; this body acknowledged as the only legitimate sovereign, but carefully deprived of the means of directing or even superintending the government; over it a single agent, commissioned to perform all acts without consulting his principals: to control him, a public sense of right and wrong, destitute of organs for its expression; to check him, revolutions, not laws; the agent being *de jure* a subordinate agent, in fact a master: such was the plan."<sup>†</sup> So wrote de Tocqueville.

It is probably true that the United States of America has only a partial picture of the real Russia of today. Yet those parts which are discernible to us fit quite well into this explanation of a theory of government written almost two hundred years ago.

<sup>\*</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville, Harper & Brothers, 1856. Page 197.

<sup>†</sup>*Ibid.* Page 191.

Collectivism in practice is characterized by an ever-growing officialdom. One powerful reason for this is the simple fact that the selfish interests of those engaged in government are best served by a growth in the size of government. Growth in government, as far as the elective or appointive official is concerned, may be likened to the growth of produce for the farmer, an increase in production for the factory manager, greater sales for the salesman. It is an increase in business. With the government official the article of trade is position or power or influence. These articles increase in abundance where government is expanding. The fortunes of a bureau or division head generally show immediate improvement if additional governmental subdivisions can be organized and placed under his or her control. This very simple tendency is quite generally overlooked by the mass of the people.

This bulbous growth of officialdom under Collectivism is further stimulated by the fact that more hands are required under bureaucratic operation for a given amount of work than are required with private management. The delegation of power by the people to agents or to government results in a dissipation, in the process, of that power and frequently in its prostitution. In the transfer of mechanical power through gears, clutches, belts, etc., much energy is dissipated through friction and imperfect design. A similar principle seems to govern the transfer of political, economic, and social power through governmental agencies.

The budget for the City of Los Angeles, California, (General government only) for the fiscal year 1945-46 was \$30,806,596. Competent and thoughtful men have declared that private management could serve all the functions of general municipal govern-

ment for half that sum, could any means be found for such an arrangement. This, of course, is impossible in the presence of diametrically opposed trends. It is indicative, however, of the relative cost of government.

The officialdom of Collectivism gradually assumes charge of the people. De Tocqueville in speaking of this condition two hundred years ago, said: "Government having assumed the place of Providence, people naturally invoked its aid for their private wants." The inevitable outcome of such an attitude is an overwhelming growth in the number of government agents who move about in awkward and costly confusion, attempting to learn and care for the needs of the people. The older the bureau, the more slowly and indifferently does it function.

In a collectivist or planned society man's position in life must, by the nature of things, be assigned to him by somebody else. Aside from moral considerations, the obvious difficulties, complications, and inefficiencies of such arrangements are evident wherever we might turn. Herbert Spencer in his book "Man Versus the State," published first in 1884, made the following statement regarding socialism's officialdom, "It is assumed that officialism will work as it is intended to work, which it never does. The machinery of Communism, like existing social machinery, has to be framed out of existing human nature; and the defects of existing human nature will generate in the one the same evils as in the other. The love of power, the selfishness, the injustice, the untruthfulness, which often in comparatively short time bring private organizations to disaster, will inevitably, where their effects accumulate from generation to generation, work evils far greater and less remediable; since, vast and complex and possessed of all the resources,

the administrative organization once developed and consolidated, must become irresistible."<sup>4</sup>

Is there more reason to expect commissars, bureaucrats, OPA members and others in government service to be basically more unselfish than are employers, labor leaders, or capitalists? Are not all men of the same general bent so far as self interest is concerned? They are essentially the same; and the errors of men will be compounded and augmented under the protecting arm of an inflexible officialdom.

Collectivism, while professing an exalted morality, is unmoral in the light of our Western civilization. Our Occidental concepts of morality rest on the assumed high value and nobility of individual human life. The supreme value, in the philosophy of Collectivism, however, is the State. If an individual life becomes an obstacle to the State, then that life is blighted or snuffed out.

The State, under a planned society, makes its own morality. As some previous writer has indicated, it is the brutal, the unscrupulous and the unmoral who succeed under Totalitarianism. It is they and they alone who have the exacting requirements for leadership under regimentation and a social order of expediency. Within the scope of Socialism membership is much more important than character.

The new freedom which has been preached throughout so much of contemporary totalitarian Europe was in reality the right of the majority over and against the individual. Almost any act could be condoned where the good of the State was advanced as the excuse.

Collectivist Totalitarianism is a matter of expedi-

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<sup>4</sup>THE MAN VERSUS THE STATE by Herbert Spencer. Published by The Caxton Printers, Ltd., Caldwell, Idaho. Used by special permission of the copyright owners. Page 50.

ency. Under it the laws of contract vanish. Individual morality, the Ten Commandments, the human conscience, all lose force and slowly weaken. The sense of personal freedom and individual responsibility to oneself was crushed if not destroyed altogether in Fascist Spain and Italy, in Nazi Germany and perhaps in Communist Russia.

It is altogether reasonable that we consider the goal of Collectivism. Certainly it is not peace, nor repose nor tranquility nor the orderly regime which follows agreement. Collectivism is dynamic, as was Naziism. Where it creates or causes a temporary condition of regularity and order, it does so through coercion. It is unable to stand still because it is essentially a policy of Opportunism. Its real goal must eventually be unlimited power for its leadership.

The actual Socialism of Communism is not the theoretical and peaceful Socialism of Norman Thomas. It is rather the militant Socialism of Lenin and Trotsky and Kamenev and Zinoviev and Hitler and Himmler and Goebbels and Hillman and Browder and Laski. It is international violence and upheaval, with the eventual supremacy of one group followed by schisms and purges and violence within that group, all of which reacts into other violence and to the disaster of the people. The Russian Revolution of 1917 perfectly illustrates this. The internationally-minded Communists, Lenin, Trotsky, *et al*, took control. They kept Russia in terror and turmoil until Stalin assumed the reins and turned their Communism backward toward Nationalism and a type of individual proprietorship.

*Time Magazine*, in its issue of November 13, 1944, in speaking of Russia, stated that, "The appeal of the Russian Government was, in theory, one of the noblest in the history of human hope—nothing less than the

freeing of mankind from want, fear and suffering. But to safeguard its purpose, and focus its energies, it had organized one of the most resolute dictatorships the world has ever known, serviced by one of the most complex and efficient systems of secret police. In carrying its ideals abroad, it had developed a new tactic in power politics—the appeal to the foreign masses to organize, conspire and ultimately revolt against the dominant classes in their respective countries. The promise was that when the socialist organization of abundance was complete, the totalitarian state would dissolve of its own superfluity in a new kind of classless democracy. To most Americans and western Europeans this was the uncertain ideal, dictatorship, the inescapable fact."

This magazine, in its issue of June 4, 1945, in its review of Arthur Koestler's book, "The Yogi and the Commissar," quoted the author as discussing "the stupendous . . . ignorance of Soviet reality among the addicts of the Soviet myth . . . Soviet addicts cannot, or will not, believe that capital punishment is the penalty for going on strike in Russia. They cannot believe that a Soviet citizen may not leave his home for as little as 24 hours without notifying the police; that no one may go abroad without permission (under penalty of death) or even travel freely in Russia itself; that divorce is virtually impossible except for the rich; that hundreds of thousands toil and die in forced labor camps."

In an earlier issue, *Time Magazine* carried pictures of the Belsen concentration camp in Germany. The caption under these pictures of horror stated in part that, "the causes which produced Belsen lay in the political philosophy of totalitarianism which is not the exclusive property of any people. . . .

The meaning of Belsen was the ultimate meaning of all totalitarianism."

Mankind is presumed to be making both spiritual and intellectual progress toward freedom as the years, decades, and centuries pass. If this be true, the present leftist trends toward socialized control and concentrated political and economic power are false trends. If it be false, if man rests on a plateau of level or declining spiritual and intellectual achievements, if he be an animal of limited development and that limit of development has been reached, then the Totalitarianism of socialized ownership of industry, of commerce, of property and of economic opportunity may be justified by some shred of rationalism. The socialization of medicine, the governmental ownership of water and power facilities, natural resources, the railroads, the telephone, the automobile industry, textile industry, public ownership or control of the press and the publishing houses, the radio, ownership of the aviation industry, all of this is comprehensible if it is conceded that man is to live by bread alone, that he is a being of material desires and needs, that his intellectual and spiritual yearnings are but figments of an unruly mental condition. Otherwise, present-day collectivist trends are deceptive and regrettable.

There is today a world-wide trend toward this Collectivism. It is accompanied, in our country at least, with a weakening of the forces of freedom.

The struggle of freedom, even today, against Collectivism, centralized control, and the socialistic order is an uphill contest. The proper functions of the State in such fields as education, public health and sanitation, social security, fiscal control, etc., are being so enlarged as to bring the State into the lives and activities of all its citizens. It is but a simple step, for those who make no attempt at intelligent analysis,

and this includes a great proportion of our people, to move the full distance into Statism. This tendency today in our country is assisted by many people who have, somewhat accidentally, been given the full power of press and radio.

Many of our radio commentators, who collectively exert great influence, have needlessly accepted this tremendous enlargement of government as beneficial.

The discussions and sermonettes which follow and fill our air waves are frequently oracular, sentimental, and pontifical rather than reportorial. Many of the hundreds of news analysts, commentators, and reporters assume a tone of authority and finality regardless of their qualifications and their responsibility. The soap-box orator from Times Square, Pershing Square, and the Plaza is now given the microphone, an audience of millions and a good pay check for his opinions and prejudices. All too frequently these orators are visionary or demagogic. Their discourses apparently please the radio listeners and the sponsor generally has little other interest.

A similar condition prevails with newspaper writers and columnists. The editors of our newspapers have stopped writing the columns which the people read. Hired hands, whose employment depends on a thriving circulation, fill the editorial pages and the readable columns of our newspapers. Frequently their attitude is superficial or factional. Neither is necessarily to be condemned. Nevertheless, such attitudes are often inflammatory, and only partially true; they carelessly create a general sentiment among the readers that more and more government interference in the affairs of life will benefit the people.

This current world-wide swing to the left is widely acknowledged. Repeatedly the Vatican has both directly and obliquely warned of it. The Nationalism



of De Gaulle's France is prepared to give labor far-reaching influence, to throw all banking and heavy industries under state control and operation. The dominant commercial and industrial forces of Britain are prepared to accept, in large part, government partnership and planning. Germany faces socialization as one possible way out of her dilemma of destruction and chaos. Every day sees new threats to private ownership in Italy. Communist factions and partisan groups are bent on revolutionizing her social and economic set-up. The influence of Russian Communism and Totalitarianism is dominant in Rumania, Bulgaria, Yugoslavia, Hungary, Czechoslovakia, and Poland. China is in heavy distress with the forces of Communism struggling actively for control. India is in a condition of ferment, as is the Near East. Mexico has apparently been through the extremes of her leftward swing, yet she, too, is unsettled along with Brazil, Chile, Peru, and other Latin-American republics.

The world swings left and the United States of America is not influenced. Public opinion here has been moving with an increasing momentum toward the mirage of beneficent governmental overlordship.

Organized society is currently looked to as the answer to men's every-day problems. It is asserted that society or the group can and will do for man that which he could not do for himself. This trend has gained at least the tacit support of a multitude of people in all Western or Occidental nations. There is unfortunately at all times a large proportion of men who readily accept any nostrum or who agree to any program which involves no mental activity on their own part and one which has a vehement vocal support from persons in positions of power and influence.

Society presumably has become too complex, inter-

woven, and extended for the individual to fight his own battles for his own rights. Then again, international competition itself in some cases seems to require the regimentation of freedom-loving people, along with the passively accepted regimentation of those people who have never experienced the principles and practices of personal freedom.

The growth of collectivism in our country has, in many cases, been quiet and insidious, but it has been steady and strong. It was de Tocqueville in the middle of the last century who said, "Very few monarchs, from Augustus to our day, have failed to keep up the outward forms of freedom while they destroyed its substance, in the hope that they might combine the moral power of public approval with the peculiar conveniences of despotism."<sup>\*</sup>

There are many natural tendencies toward Collectivism in our present-day world; big business, big labor unions, racial groupings in big cities and the endless formation of political blocs, all striving for an enlargement of power and influence. Immediate problems of social security in all its phases together with the tremendous advancement of all forms of communication inexorably force us nearer to some form of Collectivism. To these causes, more or less inevitable in the face of present developments, must be added that other great force, the force of organized Communism. This is at work among all groups of men and women who congregate in large numbers in connection with their effort to make a living. The civilized world has always had its communists. Today they are organized politically and skillfully and effectively. They are indoctrinating the labor unions' membership, they frequently appear in our armed

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<sup>\*</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1856. Page 61.

forces. They are at work among the great masses of government employees. They are constantly with the dissenters, the economically disenfranchized, the floaters and the unemployed. Their gospel appeals to those who have little or have nothing. Their hidden threat of Totalitarianism is of no concern or is ignored by the people with whom they widely associate. We should realize that there are strong movements organized for the single purpose of communizing the nation.

America's business leaders have an enormous task ahead of them in reselling free economy and the free enterprise system to the nation's labor force. It may here be remarked in this connection that the annual wage policy is not only a theoretical problem for academic discussion. It is a policy, the implementation of which must be found if further state domination or interference in conditions of employment are to be prevented. Employees in large groups will prefer security with Uncle Sam as an employer over unstable employment with private concerns.

The initiative, referendum, recall, and direct primary were intended to improve and expand self-government. They have, for the most part, had a reverse effect. They have assisted in throwing elections and public office holding into the hands of the radical and the racketeer. They have destroyed responsibility and have caused elective officials to fawn, bow, and cringe before every vocal or influential minority. They have frightened away a better class of office holder.

The growth in the size of government before mentioned is another influence which is undermining freedom in the United States. Diffusion of power protects the individual. The direct employer (the United States Government) of over three million

persons wields a tremendous and ominous influence. Good or bad intent is not necessarily germane to the issue. The existence of this great structure of power in itself curbs the freedom of men.

The government's continued entry into new fields of commercial and industrial enterprise is bringing us to the place where private or corporate competition with government cannot exist. A recent and moderate discussion by Fred G. Clark and Richard Stanton Rimanoczy, entitled "How We Live," carried the following statement:

"The difference between government management and individual or corporation management is that government need not collect payments for the use and wearing out of tools from the customer as long as the citizens can be forced by law to pay taxes for them, or go into debt for them (future taxation).

"Under individual or corporation management the cost of the use and wearing out of tools must be collected from the customer or the business cannot continue.

"Without payment for the use and wearing out of tools, individuals, whether working under their own management, corporation management or government management, cannot continue to produce and exchange goods and services or improve their material welfare."

Another statement by de Tocqueville is appropriate in this connection. "Day after day, the central government conquers new fields of action into which these bodies, (i.e. non-governmental agencies) cannot follow it. Novelties arise, pregnant with cases for which no precedents can be found in parliamentary routine: society, in a fever of activity, creates new demands, which the government alone can satisfy, and each of which swells its authority; for the sphere

of all other administrative bodies is defined and fixed; that of the government alone is movable, and spreads with the extension of civilization."\* It is an obvious fact that the more a state plans and manages for its citizens, the less planning or freedom of action is left for the individual.

The nation's attitude toward public works has radically changed within the past fifteen years. Today the public works program of the Federal Government completely dwarfs all other programs of construction. The enormous growth of the Bureau of Reclamation as an engineering and construction agency even during wartime was phenomenal. Originally established to handle reclamation and irrigation in the far west, this agency now has seven separate and highly autonomous districts, a great central organization in Denver, and a seat of real power in the nation's capitol. From irrigation and water it has gone to power and electricity, to municipal and special domestic and local water supply problems. The U. S. E. D. or Army Engineers, may likewise be cited as an example of growth, expansion, and diversification. From the problems of rivers and harbors and control of navigable streams, this organization has undertaken the engineering and construction of dams, domestic water supply, drainage, flood control, stream flow and miscellaneous activities in virtually all parts of the nation.

The New Deal's Public Works Agencies, Works Projects Administration, and Federal Works Agency have never restricted their fields of emergency operation. The Tennessee Valley Authority, a glorified W.P.A., carrying out all work on a force account or day-labor basis, has set the example and the pace

\*THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville, Harper & Brothers, 1876, Page 81.

for a half-dozen other contemplated Valley Authorities, which will provide for flood control, navigation, reclamation, soil conservation, and a large program of rural electrification.

Steadily, inexorably the growth of government proceeds along with a continued concentration of power. If additional evidence of the collectivist trend is needed, *consider for a moment the gigantic federal and state expenditures and the insatiable tax demands in the face of continued deficits. Consider the faltering power of the states in the presence of the dominant influence of Washington.*

All of this significant march toward Statism in our own country is greatly assisted by the formation and existence of vested political interests. Let us attempt a definition of such interests:

#### VESTED INTERESTS, DEFINITION OF

A proprietary interest which becomes fixed or permanent is a vested interest. Such vested interests may be in materials, in land, or in position. Thorstein Veblen's theory of vested interests held that a vested interest was an economic interest which received something for nothing, i.e., it, by reason of its position, power, and monopoly secured exorbitant returns for its outlay. He confined his theory to the field of economics. The entire field of vested interests is much wider. It covers the pasture land of humanity. Vested interests are found in the realm of religion, education, society, fraternal organizations, government, business, labor or trade unionism; wherever mankind organizes itself to work or play.

An interest or right of temporary character which, without change of character but with the passage of time, makes itself permanent, becomes a vested inter-

est. Any interest which vests itself with permanency attempts likewise to vest itself with power and privilege. It is apparent that vested interests appear in government as in private life. It is principally against those political vested interests that the argument of this book is directed.

The vested interests of private enterprise themselves are, of course, not intrinsically permanent nor powerful. Private enterprise, as all other developments of man in his social and economic relationships, must continue to bear the tests and scrutiny of time. Neither the trade mark of immortality nor perpetual beneficence belongs to the interests of private enterprise. They must repeatedly prove their worth.

Today's greatest vested interests are the vested interests of government, not the vested interests of the people in their government, but the vested interests of government *per se* in what is presumed to be the people's government. "The truth that the regulative structure always tends to increase in power is illustrated by every established body of men."<sup>4</sup>

The world-wide social and economic changes which have occurred during the past forty-five years in large part have been the results of struggles against vested interests and most of these interests were within or were sheltered by the political framework.

These struggles have rocked the world. The case with Russia is an example where nihilist, socialist, communist, and liberal were contending against the vested interests of the nobility, officialdom, and the church. In Germany we saw a combination, in Nazidom of the power of the vested interests of industry, army, and the State make a daring attempt to extend

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<sup>4</sup>MAN VERSUS THE STATE by Herbert Spencer. Published by The Caxton Printers, Ltd., Caldwell, Idaho. Used by special permission of the copyright owners. Page 71.

its power and tenure. After the failure of these interests in the first World War, we found, to our confusion, that the residual power and influence of the army and the State, combined with the political and economic adventurers of a new era, were engaging in an attempt to crush Liberalism and extend Germany's power throughout the world. The vested interest of Nazidom broke asunder all bonds of human restraint and literally attempted to subjugate the world.

The vested interests of State, politics, press, monopolistic industry, and organized labor smothered prewar France under a blanket of indecision, strife, and immorality. The vested interests of religion, the army, and a reactionary ruling class tore the heart out of Spain in its recent civil war. Violence there begot violence and the rising tide of an alleged people's movement fought its enemies to a brutal finish.

The vested interests of Japan, like those of Germany, attempted, with savage abandon, the enlargement of their own power and riches. Big business joined with the military and the state religion in an attempt to spread the tentacles of Japanese supremacy over the face of the East.

The illustrations could be continued indefinitely. In one place the vested interests have grown powerful, arrogant and savage. In another they have become flaccid, impassive, and resistant to change in any direction. In both cases resistance grows, slowly and furtively at first, then faster and faster until at last violence comes. The vested interests are blown apart. Nature accepts no *status quo*. Those who persist in immobilizing man or society run in the face of danger. Provision must be made for the fluidity of nature and for the changeability of human arrangements. Vested interests unfortunately want to change in one direction only—the direction which leads to



their own continued existence and increased power. They demand the flow but make no provision for the ebb in the tides of the affairs of men. Vested political interests, having a special immunity or protection from change or reform, build up a resistance through immobility which is broken generally only by violence. This is their special danger and justifies their special consideration.

People naturally and instinctively fear the formation of vested political interests for the military. The fear of church in government is that it will vest itself with great political power. This same fear should be directed to other special interests, economic, racial or social.

The vesting of great power in government has usually been accomplished in democratic countries by the welding of smaller groups or blocs to the party in power in government. These two forces, the minority blocs and the governing party, form a liaison and agree to support each other. The governing power vests the bloc with influence and privilege. The bloc assists in the growth and retention of power by the governing party. The minority blocs may be monopolistic groups of private enterprisers, organized labor, city political machines, religious groups, military castes, Tories or communists. All have been used. Quite frequently the arrangement ends in the absorption of the bloc or blocs by the governing power, but by that time the evil has been done and the vested interests of government simply magnify their powers and privileges by the sum of the powers and the privileges of the absorbed groups. In any event, the liberties of the people have been by so much diminished.

A defense against this perfidious growth is an attack, persistent and sustained, on obstructive vested polit-

ical interests, wherever and whenever they appear on the national scene.

"The function of Liberalism in the past was that of putting a limit to the powers of Kings. The function of true Liberalism in the future will be that of putting a limit to the power of Parliament." These words were written by the English writer, Herbert Spencer in 1884.\*

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## CHAPTER III

# FOUNDATIONS OF THE REPUBLIC

*"Before beginning, prepare carefully."*

—CICERO —DE OFFICIIS  
BK. I, CH. 21, SEC. 73

In the year 1781 the thirteenth American Colony ratified the Articles of Confederation and the first loosely knit United States of America came into existence. Within the Articles of Confederation appeared the following provisions:

"The United States in Congress assembled shall never engage in a war" (Sixth paragraph of Article IX).

The second sentence of the first paragraph (Article XIII) read, "And the Articles of this Confederation shall be inviolably observed by every State and the Union shall be perpetual; nor shall any alteration at any time hereafter be made in any of them, unless such alteration be agreed to in a Congress of the United States and be afterward confirmed by the legislatures of every State."

This provision did not live long. The Federal Constitution, within ten years, had displaced the Articles of Confederation; the perpetuity of the Union under the Articles had disappeared and the Federal Constitution had come into full force and effect through its acceptance by only nine of the thirteen signatories to the Articles and that acceptance was expressed not by the States' legislatures but by States' Constitutional Conventions.

The Articles of Confederation carried their own death clause in requiring unanimous agreement on amendments and a minimum of nine favorable States' votes for the passage of the simplest and most obvious of important legislation. Even after passage of such legislation, the Confederate States were incapable of enforcement of their decisions. As a result the "perpetual union" came to an undistinguished end.

The Constitution makers who ordered and attended the death rites of the Articles of Confederation assumed, in their official acts, the existence of the nationhood of the thirteen States under those self-same Articles. Further, they assumed that the people of that nation were sovereign and that any new form of government should therefore derive directly from the people, that the power of that new government should be a delegated power and that it should be revocable. The ratification, therefore, of the new form of government under the Federal Constitution should be carried out by the people. Any revision or later amendment must be similarly submitted to the people through the States for ratification. The Constitution makers therefore considered themselves to be delegates of the sovereign people. They were honest in the service of their clients, inasmuch as the new Constitution left the powers with the people and at the same time provided a practicable scheme for the use of those powers through representative government in a federated republic. The Articles of Confederation were displaced on that basis.

The United States of America had failed to function satisfactorily under the Articles of Confederation. The thirteen States had failed to form a truly sovereign nation. Circumstances continued to crowd these states into each other's affairs. The growing problems of foreign and domestic commerce, expansion of

the Union, support of the armed services and of the officeholders, and problems of taxation finally forced the inevitable change. A commercial convention for the States was arranged for the month of September, 1786, in the city of Annapolis, Maryland. Only a handful of representatives presented themselves, but in that handful were included James Madison and Edmund Randolph of Virginia, Alexander Hamilton from New York, and John Dickinson from Pennsylvania and Delaware. These men believed in a stronger national government. They succeeded in adjourning the convention which was to have been devoted only to problems of commerce, of imports and exports, duties, shipping regulations, control of harbors, etc., and arranged for the calling of a much larger convention for the following May, which was to meet in Philadelphia. This meeting became the Constitutional Convention which assembled in May, 1787, and adjourned in September of the same year. It produced in the meantime, the remarkable document since known as our Federal Constitution.

The thirteen States in 1787 had an average age including their colonial periods of approximately 147 years, or somewhat the same life span as have had the States west of the Mississippi River now. In those 147 years communities had been settled, cities had developed, and schools, colleges, and churches had been long established. Families had attached themselves to the soil and to the social fabric of their communities. Generations had come and gone. There had been developed a local and colonial stability and a tenacity of ownership. The men who figured importantly in this colonial life had interests at stake and they wanted to do what they could to protect these interests.

The youth and vigor of the men in the Constitutional Convention were noteworthy. All States, with

the exception of Rhode Island, were represented. Some representatives, however, attended only a limited number of sessions. Thirty-seven of the most active of the fifty-five members averaged forty-six years in age. The sixteen most active men, including James Madison, Edmund Randolph, Alexander Hamilton, John Dickinson, James Wilson, George Washington and Roger Sherman, had an average age of forty-two years. James Madison was thirty-six years old, Alexander Hamilton thirty, Rufus King thirty-two, and Charles Pinckney twenty-nine. The larger number of the delegates were lawyers or jurists. Many of them had been educated in England or had lived some time in Europe. All of them had the stamp of America on them. All were high adventurers in a new world of political economy. Courage was characteristic. It was an involuntary possession and an ever-present fact.

The political background for our Constitution extended into ancient history. Many of the Convention delegates had studied extensively the democracies of ancient Greece, the government of Rome, and the history of the eastern Mediterranean. They were likewise students of the early city leagues of Germany, the union of the Dutch cities, the history of Polish federations, the early Italian Republics and, of course, the history of England and France. Their academic and politico-philosophic background was complete, within the limitations of the times.

Various earlier writers of history and political philosophy wielded considerable influence in shaping the opinions of the delegates. Principal among these were John Locke and Montesquieu. Locke's high regard for "common sense", his belief in and defense of individual liberty, and his doctrine of "sovereignty of the people", all strongly influenced the stronger members of the Convention as they had indeed influenced the

Continental Congress which had issued the Declaration of Independence. Montesquieu's doctrine of the separation of powers into legislative, executive, and judicial, pervaded the Convention from the time of convening until adjournment.

American leaders of the Revolutionary and post-Revolutionary period were strongly affected by the creeds and theories of personal liberty and the natural rights of man which prevailed at that time. Thomas Paine, in his pamphlet, "The Rights of Man," epitomized many of these beliefs. Rousseau's works were influential. Jefferson and his co-workers on the Declaration of Independence were apostles of the same spirit. The feeling of individual freedom was in the air. All men were believed to be endowed with certain inalienable rights; "that among these are Life, Liberty, and the pursuit of Happiness."

The real basis, however, for the Federal Constitution was the colonial life background of the Convention delegates. Rarely during the civilized era has any important body of people had such an opportunity to work out the formation of a government on a rational basis founded on actual experience. The thirteen colonies had grown from the simplest of beginnings. Each had survived a period of important colonial experience. The colonies had begun to come together, to coalesce, in the two decades before the Revolution. The first Continental Congress assembled in 1774. It was followed by another in 1776. Colonial leaders became personally well acquainted with one another. This acquaintanceship developed through the War of Liberation and during the establishment of the Union under the Articles of Confederation. Every colony established a form of colonial government. These forms had considerable similarity, yet enough difference existed to give the different States the proper bases



for comparison at a later date when the Constitution was being written and ratified.

The fellowship among the delegates to the Convention was of inestimable value. Most of the men attending not only knew but trusted one another.

George Washington was made chairman of the Convention by acclamation. His friendship with many of the delegates had been created during eight years of military campaigning in the War for Independence. That type of friendship is strong and from it came the early assumption and later determination that Washington would be the new nation's first president.

Thus the stage was set for and by these men who met in Philadelphia in 1787. They, as delegates, carried through their parts with such fairness and wisdom as has seldom been seen in any of the world's deliberative assemblies.

These thoughtful and public-spirited men toiled over the formation of our present Federal Government, endeavoring to form the basis of a workable and satisfactory state instrument. They remained diligently at their task until the Constitution was carried through to ratification. They first created the Constitution. They then returned to their respective states and worked strenuously in presenting it fairly and completely to the people for their consideration. Hamilton, Madison, and Jay have left in "The Federalist" the greatest record of work done. But other delegates in other states also worked carefully and effectively for the acceptance of the new state document.

The delegates, during and after the Convention, proceeded from a basis of logic, history, and experience. They were thoughtful men, attempting to find a reasonable plan for a new, virile, and growing nation. History has long ago proclaimed them and their posi-

tions as unique in the records of civilized man. They sought justice in large measure for the nation which was forming.

The men of the Constitutional Convention planned to establish a government of law. The general rules under which our nation was to operate and be operated were to be put down in definite terms. General law, justice and freedom of individual movement within the law, were the anchor blocks of the new Constitution.

The fifty-five men who attended the Constitutional Convention had quite definite beliefs and opinions on a number of ends to be attained by the new instrument of government which they were about to form. They wanted, first of all, to create a stronger union, a more powerful nation with a central government equal to the task of dealing with problems both abroad and between the respective states.

They wanted to retain as large a measure of state sovereignty as was possible. There were objections to the latter consideration, voiced principally by Hamilton, but the majority opinion unquestionably leaned toward the retention of state sovereignty. James Madison wanted to refine and enlarge the public's views, aims, and desires by passing them through the medium or screen of a chosen body of citizens. This meant a representative republic. The union of the states made the government a federal republic or federated republic. In fact, the Constitution goes so far as to state in Section 4 of Article IV that "The United States shall guarantee to every state in this Union a republican form of government."

Madison, in "The Federalist," stated, "The federal and State governments are in fact but different agents and trustees of the people, constituted with different

powers, and designed for different purposes."\* Both Hamilton and Madison felt that the power of the states under the Constitution would be greater than the power of the federal government and that the states would play a greater part in the lives of their citizens than would the federal government. The states were considered economically and spiritually stronger. Throughout "The Federalist" the word "State" is capitalized, indicating the opinion of the times regarding the importance of the states' position in the new republic.

The framers of the Constitution had the firm intention of protecting property rights. All of them had seen pioneers at work in a new world, actually hewing, forming and making the material wealth which their society possessed. They had intimate knowledge of society without wealth, without metals, hardware, furniture, farm implements, clothing, transportation, and the hundred and one items that provide the conveniences of life. They knew the harshness of that life and the great differences which material wealth made, as far as the living conditions of men and women and children were concerned. They knew that life with such wealth was infinitely easier than life without it. It was very natural that they wanted to establish protection for wealth and property which they themselves had produced in such large part.

The spiritual freedoms of man are greatly diminished in value if man loses his right to possess material wealth. The principles of private ownership have been loudly challenged in late years, but the challenges and complaints came in large part from those members of society who, unfortunately, had lost their privileges of making money and accumulating wealth. It is not

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\*THE FEDERALIST by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Page 321.

the private ownership or possession of wealth which has been the cause of our recent social and economic ills. It has been the inability of those without wealth to secure it. The delegates to the Convention at Philadelphia in 1787 quite frankly paid considerable attention to property rights. They had that objective clearly in mind when they accepted their commissions.

Another subject on which the Convention had general agreement was the division of powers in the national government between the legislative, executive, and judicial branches. The doctrine of balancing power with other power is one of the brightest and most successful in the varied history of man. Mankind has not yet reached the place where the omnipotence of any group or individual can safely be trusted.

The balance-of-power doctrine is at work even in those cases where all seems to be regulated by previous and happy agreement. That agreement, as between victorious allies for example, is in existence simply because no one is supreme, nor has a chance of becoming supreme. Each has strength of its own. Each contributes a share to the alliance. Power balances and contributions balance. Rome fell apart under the unbalanced power of her emperors after they had consumed the strength built up under the republic. Europe fell apart after the balance-of-power arrangement of Talleyrand, Metternich, Castlereigh, and Alexander had collapsed. Conversely, the Roman Catholic Church has prospered through a long era, during which her power has been counterweighted or balanced by Protestantism.

The separation of powers or balancing of powers in our own Constitution has most certainly assisted the progress of the American Union in its march from obscurity to greatness in the last century and a half.

Madison in "The Federalist" asserted: "The accumulation of all powers, legislative, executive and judiciary, in the same hands, whether of one, a few, or many and whether hereditary, self-appointed or elective, may justly be pronounced the very definition of tyranny."<sup>1</sup> He continued, "It is equally evident that none of them ought to possess directly or indirectly an over-ruling influence over the others in the administration of their respective powers."<sup>2</sup> Hamilton in the same work refers to "that important and well established maxim which requires a separation between the different departments of power."<sup>3</sup>

Montesquieu's doctrine of the separation of powers was quite generally held by the delegates. Yet all agreed on the existence of twilight zones between the three branches. No sharp line of cleavage exists between executive, legislative and judicial departments nor has it existed. The powers of each division fade somewhat and blend into the companion branch of government. The executive assists the legislative as does the judiciary. The legislative in turn occasionally takes a hand at administering government and passing judgment on the laws of the land.

The eminent English historian, Lord Acton, writing toward the end of the 19th Century, made the following statement regarding the division of powers in government: "Of all checks on democracy, federation has been the most efficacious and the most congenial . . . The federal system limits and restrains the sovereign power by dividing it and by assigning to Government only certain defined rights. It is the only

<sup>1</sup>THE FEDERALIST by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Page 329.

<sup>2</sup>Ibid. Page 338.

<sup>3</sup>Ibid. Page 23.

method of curbing not only the majority but the power of the whole people."<sup>\*</sup>

An additional important principle also agreed upon by the delegates was the necessity of self sustaining strength for the different branches of government. Each branch (legislative, executive, and judicial) had to be prepared to stand alone and defend its position against encroachment. The Constitution, however, only established the principles and the basis for political life. The power granted had to be sufficient in and of itself to prevent usurpation, provided that the power so granted was properly guarded and developed as the years passed and the government expanded.

It was quite generally conceded that the legislative power was to be the dominant one. "The Federalist" of February 8, 1788, states, "In republican government the legislative authority necessarily predominates."<sup>†</sup>

The division of our government into legislative, executive, and judicial branches was done with consummate care. The delegates believed that the dominant legislative branch would tend to consolidate its power at the expense of the executive branch. The power and prestige of the presidency was therefore built up to offset this tendency, but this increased executive power was given with definite reservations. These reservations have quite successfully curbed the great latent though natural power of the presidential position until very recent years.

The makers of the Constitution realized that the ultimate power and authority rested with the people. Under the Constitution a portion of these powers was to be delegated to duly elected representatives. These

<sup>\*</sup>THE ROAD TO SERFDOM by Friedrich A. Hayek. University of Chicago Press, 1944. Page 220.

<sup>†</sup>THE FEDERALIST by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Page 355.

men in turn were to use that portion of power and authority in the interest of the nation. They were to legislate and to administer a government. It was unquestionably the expectation of the Constitutional Convention that the will and intent of the people should be filtered through the offices of their chosen representatives. The constitutional requirements, the frequent elections and the scrutiny of the public were to secure for the people a selected and qualified group of men in the halls of Congress. Once elected, the representative or the senator had power of his own, delegated, it is true, and subject to withdrawal, but for the term of his office it was essentially his power to be used in the interest of the people.

This conception of delegated power has been importantly altered. The members of Congress today are, in large part, only the mouthpieces for their constituencies. Regrettably, the delegate is only too frequently the mouthpiece of the most aggressive minority of his constituency. A large part of his time is spent in following the various "polls" of public opinion, in pulse taking and in following the reports from his home district. Congress today cannot be said to be filtering and clarifying the will and intent of the public through the minds and acts of extraordinary servants of the people to whom has been delegated power for these purposes. Congressmen today receive their orders hourly and those orders come not from their constituencies but from segments of them. At the end of the term it is only the unusual member of Congress who can honestly assert that he spent his term exercising the delegated power which was given to him at the time of his election. All too often he has behaved much like the day laborer who asks his boss every day or at intervals during the day for his instructions.

The judiciary was considered by the delegates to be the weakest of the three branches in terms of self defense, principally because any judiciary theretofore known had been largely an instrument of the group in power. The merit of that reasoning of the delegates is obvious when we stop for a moment to consider the present (1944) high courts of Spain, Mexico, Germany, Russia, Japan, and other nations of the world where centralized power is dominant. Those courts are guided by few abstractions of justice. They are guided and ruled by the realities and practices of the government in power. They are in large part the instruments of the party concurrently in control of the government.

Hamilton, in discussing the Judiciary, wrote in "The Federalist," "It is impossible to keep the Judges too distinct from every other avocation than that of expounding the laws. It is peculiarly dangerous to place them in a situation to be either corrupted or influenced by the Executive."\*

Because of the fact that the independent judiciary of our Federal Government has been one of our outstanding contributions to the science of government and because of the remarkable position of our Supreme Court over a long period of years, and because of the excellent statement by Hamilton in *The Federalist* concerning the Judiciary, the author is taking the liberty of quoting extensively from those passages.

"Whoever attentively considers the different departments of power must perceive, that, in a government in which they are separated from each other, the judiciary, from the nature of its functions, will always be the least dangerous to the political rights of the Constitution; because it will be least in a capacity to

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\*THE FEDERALIST by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Page 76.



annoy or injure them. The Executive not only dispenses the honors, but holds the sword of the community. The legislature not only commands the purse, but prescribes the rules by which the duties and rights of every citizen are to be regulated. The judiciary, on the contrary, has no influence over either the sword or the purse; no direction either of the strength or of the wealth of the society; and can take no active resolution whatever. It may truly be said to have neither FORCE nor WILL, but merely judgment; and must ultimately depend upon the aid of the executive arm even for the efficacy of its judgments.

"This simple view of the matter suggests several important consequences. It proves incontestably, that the judiciary is beyond comparison the weakest of the three departments of power\*; that it can never attack with success either of the other two; and that all possible care is requisite to enable it to defend itself against their attacks. It equally proves, that though individual oppression may now and then proceed from the courts of justice, the general liberty of the people can never be endangered from that quarter; I mean so long as the judiciary remains truly distinct from both the legislative and executive powers. . . . And it proves, in the last place, that as liberty can have nothing to fear from the judiciary alone, but would have everything to fear from its union with either of the other departments; that as all the effects of such a union must ensue from a dependence of the former on the latter, notwithstanding a nominal and apparent separation; that as, from the natural feebleness of the judiciary, it is in continual jeopardy of being overpowered, awed, or influenced by its co-ordinate branches; and

\*"The celebrated Montesquieu, speaking of them, says: 'Of the three powers above mentioned, the judiciary is next to nothing.' SPIRIT OF LAWS, Vol. 1, Page 146."

that as nothing can contribute so much to its firmness and independence as permanency in office, this quality may therefore be justly regarded as an indispensable ingredient in its constitution, and, in a great measure, as the citadel of the public justice and public security.

"The complete independence of the courts of justice is peculiarly essential in a limited Constitution. By a *limited Constitution*, I understand one which contains certain specified exceptions to the legislative authority; such, for instance, as that it shall pass no bills of attainder, no ex-post-facto laws, and the like. Limitations of this kind can be preserved in practice no other way than through the medium of courts of justice, whose duty it must be to declare all acts contrary to the manifest tenor of the Constitution void. Without this, all the reservations of particular rights or privileges would amount to nothing.

"Some perplexity respecting the rights of the courts to pronounce legislative acts void, because contrary to the Constitution, has arisen from an imagination that the doctrine would imply a superiority of the judiciary to the legislative power. It is urged that the authority which can declare the acts of another void, must necessarily be superior to the one whose acts may be declared void. As this doctrine is of great importance in all the American constitutions, a brief discussion of the ground on which its rests cannot be unacceptable.

"There is no position which depends on clearer principles, than that every act of a delegated authority, contrary to the tenor of the commission under which it is exercised, is void. No legislative act, therefore, contrary to the Constitution, can be valid. To deny this, would be to affirm, that the deputy is greater than his principal; that the servant is above his master; that the representatives of the people are superior to the people themselves; that men acting by virtue of

powers, may do not only what their powers do not authorize, but what they forbid.

"—The interpretation of the laws is the proper and peculiar province of the courts. A constitution is, in fact, and must be regarded by the judges, as a fundamental law. It therefore belongs to them to ascertain its meaning, as well as the meaning of any particular act proceeding from the legislative body. If there should happen to be an irreconcilable variance between the two, that which has the superior obligation and validity ought, of course, to be preferred; or, in other words, the Constitution ought to be preferred to the statute, the intention of the people to the intention of their agents.—

"But in regard to the interfering acts of a superior and subordinate authority, of an original and derivative power, the nature and reason of the thing indicate the converse of that rule as proper to be followed. They teach us that the prior act of a superior ought to be preferred to the subsequent act of an inferior and subordinate authority; and that accordingly, whenever a particular statute contravenes the Constitution, it will be the duty of the judicial tribunals to adhere to the latter and disregard the former.—

"Until the people have, by some solemn and authoritative act, annulled or changed the established form, it is binding upon themselves collectively, as well as individually; and no presumption, or even knowledge, of their sentiments, can warrant their representatives in a departure from it, prior to such an act. But it is easy to see, that it would require an uncommon portion of fortitude in the judges to do their duty as faithful guardians of the Constitution, where legislative invasions of it had been instigated by the major voice of the community. . . ."

\*THE FEDERALIST by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Pages 99-104.

Alexis de Tocqueville in his book, "The Old Regime and the Revolution," made the following statement regarding the position of the judiciary in government, ". . . yet it is even more dangerous for the government than for the judiciary to transcend its scope; for the interference of the latter in the administration of government only injures the public business, whereas the interference of government in the administration of justice tends to deprave the public mind, and to render men servile and revolutionary at one and the same time."\*

The Convention took definite means to establish the high place, the independence, and the great and good character of the Federal judiciary. Few will contend that the judiciary has been perfect, but its steady growth in power and influence in a country remarkably free from coercion is splendid evidence of its generally high character and its service to the people.

We all know of the serious problem which confronted the Convention regarding the position of the large and small states and how eventually it was settled by the Connecticut Compromise which established the lower house of the legislature on a proportional or per-capita basis and the upper house or Senate on a state basis where the smaller state had voting power equal to the larger state. This also served another purpose. It served further to separate or to divide somewhat the dominating power of the legislative branch.

The Convention faced other problems such as competition between the northern states and the southern states and the problems of commercial regions as opposed to agrarian districts. The question of the growth or territorial expansion of the nation and the admission of new states was met and partially resolved.

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\*THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1856. Page 76.

The problems of slavery and the slave trade were both interjected into the Convention, but little definite work was done about either except to resolve that a slave economically was about three-fifths as valuable as a white.

Lengthy consideration was given to the definition of powers for the different branches: the position and character of the veto, the apportionment and collection of taxes, and the formation of the two houses of Congress and the selection of the members thereof. The position of the presidency was given long and careful study, but the manner of the candidate's selection and election was hurriedly or sketchily drawn, and the author ventures to say that any Convention delegate returning to a present-day election would never recognize the present process of choosing a president as an outgrowth of the deliberations of the Philadelphia Convention of 1787. The delegates obviously erred in that part of their program and the error has never been quite rectified.

Regarding taxes under the new Constitution, Hamilton in "The Federalist" wrote as follows: "There is no part of the administration of government that requires extensive information and a thorough knowledge of the principles of political economy, so much as the business of taxation. The man who understands those principles best will be least likely to resort to oppressive expedients, or sacrifice any particular class of citizens to the procurement of revenue. It might be demonstrated that the most productive system of finance will always be the least burdensome. There can be no doubt that in order to have a judicious exercise of the power of taxation, it is necessary that the person in whose hands it is should be acquainted with the general genius, habits, and modes of thinking of the people at large, and with the resources of the country.

And this is all that can be reasonably meant by a knowledge of the interests and feelings of the people."<sup>\*</sup> This sounds strangely antagonistic to a generation where taxation is looked upon and used as a means of reform and the redistribution of wealth.

Madison in "The Federalist" wrote, "Among the difficulties encountered by the Convention, a very important one must have lain in combining the requisite stability and energy in government with the inviolable attention due to liberty and the republican form."<sup>†</sup> This consideration of liberty appears again and again. In fact, it was always present. It was the very essence of the Constitution and its composition. The Constitution was merely a masterful attempt to establish liberty under written law, clear for everyone to read and to understand. The Convention delegates were imbued with the doctrines of liberty and freedom established on a rational basis. They believed much as Thomas F. Woodlock, a writer for the *Wall Street Journal*, believed when he wrote on October 14, 1942: "True liberalism is an ideology and a tradition which has characterized the western culture for many centuries, and freedom is the soul of both. The whole history of western civilization is the story of man's long quest for freedom. The quest was born in Greece at the very dawn of Hellas. When the eastern and northern barbarian hordes overran the worn-out empire of Rome, Christianity took over the quest, gave it a soul and philosophy, and Christendom arose. The root of all notions of freedom is the inviolable personality of man. That notion always had an ultimate religious basis, and Christianity for the first time laid bare its full nature. Man is by nature free as a creature of God, fashioned in the image and likeness of his

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<sup>\*</sup>THE FEDERALIST by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Page 229.

<sup>†</sup>*Ibid.* Page 240.

Creator and endowed with free will even to the point of defying the Creator himself. Upon no other foundation can any theory of human freedom be logically based. Freedom, so understood, was the soul of the western civilization whose ethos was profoundly Christian—and that was liberalism. What is left of it today is liberalism." Woodlock wrote in June, 1941: "Order can rest only upon principles, that is upon truth which remains true and is recognized as such by reason. The certain end of the pragmatic philosophy is force—sooner or later—and force ultimately means disorder. From that conclusion there is no escape."

### SUMMATION

The formation of our republic was a natural development following our American Revolution.

Charles Downer Hazen in his "Modern European History" had this to say regarding the character of that struggle in the Revolution and its subsequent unfolding. "The struggle for the fundamental rights of free men, for that was what the American Revolution signified for both America and England, was long doubtful. France now took her revenge for the humiliations of the Seven Years' War by aiding the thirteen colonies, hoping thus to humble her arrogant neighbor, grown so great at her expense. It was the disasters of the American War that saved the parliamentary system of government for England by rendering the King unpopular, because disgracefully unsuccessful. In 1782 Lord North and all his colleagues resigned: for the first time an entire ministry had been overthrown.

"George the Third's attempt to be master in the state had failed and although the full consequences of his defeat did not appear for some time, nevertheless they were decisive for the future of England. The king might henceforth reign but he was not to govern. To

get this cardinal principle of free government under monarchical forms established, an empire was disrupted. From that disruption flowed two mighty consequences. The principles of republican government gained a field for development in the New World, and those of constitutional or limited monarchy, a field in one of the famous countries of the Old. These two types of government have since exerted a powerful and an increasing influence upon other peoples desirous of controlling their own destinies. Their importance as models of imitation has not yet been exhausted.”\*

The clarity and brevity of the Constitution are remarkable. It may well be asked from whom or from where came the direct and clear language of this document? The answer is that it came from two committees, one a committee of detail made up of eleven delegates, the other a committee of style made up of five members. In these committees were brilliance, ability, and honesty. Men with these qualities went to work and produced a literary masterpiece.

The Constitution formed a nation. It gave into the hands of the national government so formed the power to deal effectively with national problems. It left the States with a limited sovereignty, but at the same time recognized clearly the rights and obligations of the States to care for local and regional affairs. It carried powerful and specific guarantees of individual freedom.

The astonishing brevity of the Constitution and its general import have permitted or fostered a flexibility in our government which has carried us through eras of tremendous changes and great economic development. The history of this new government is briefly sketched in the two following chapters.

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\*MODERN EUROPEAN HISTORY by Charles Downer Hazen. Henry Holt & Company, 1917. Page 6.





## CHAPTER IV

# THE FEDERAL REPUBLIC

### 1787 - 1932

*"So slow the growth of what is excellent; so  
hard to attain perfection in this nether world."*

—COWPER

THE TASK, WILLIAM COWPER, BK. 1, L. 83

The greatest minds in the Colonies participated in the framing of the Constitution and in the establishment of the new government under that Constitution. In fact, many of those men who had assisted at the Constitutional Convention in Philadelphia later worked energetically in their own home states to secure the desired ratification of the Convention's handiwork. In Massachusetts, New York, Pennsylvania, and Virginia the supporters of the new state document extended themselves to the utmost in order to secure ratification. The active supporters of the new Constitution included Rufus King of Massachusetts, Roger Sherman of Connecticut, Alexander Hamilton of New York, William Livingston of Delaware, Benjamin Franklin and James Wilson of Pennsylvania, John Dickinson of Delaware, George Washington and James Madison, Jr. of Virginia, John Rutledge and Charles Pinckney of South Carolina. These are but a few of the more illustrious names.

It was most fortunate that the leading men of the Colonies did participate in the establishment of the new government. Otherwise its existence would probably have been shortlived. Vital problems concerning

the national credit, inter-state commerce, the north-west territorial boundaries, foreign relations, establishment of our new form of government of balanced powers, all presented themselves for immediate solution. The problems were studied and resolved by the most distinguished single panel of American leaders which has yet appeared.

The good example set by our early leaders has not been continued. To a very regrettable extent the nation has ignored its government from the time of Monroe's era of good feeling to 1932, a period of over one hundred years. This does not mean that the history of our government has been puerile and colorless or lacking in the services of great men. Many fine and capable men have served us during that century, but the part which they played has been too often overshadowed by the commercial and industrial development of our nation. We have followed too literally the Jeffersonian mandate calling for a minimum of government. The history of the development of our country in many ways has been much more interesting and active than the history of the development of our government.

The Federal Constitution established in 1787 was a basis for the formation of a vigorous nation. It provided a flexibility which has been positively essential in the life of an expanding people. During those one hundred and forty-five years, or from 1787 to 1932, our continental nation had grown from a population of less than four millions to a population of about one hundred and twenty-five millions. Our continental area had increased from 888,811 square miles to 3,608,787 square miles, including Alaska. We became an international power through purchase, war and annexation. The Louisiana Territory, with an area of 827,192 square miles, was purchased in 1803 at a

surprise price of \$15,000,000.00. Florida was purchased in 1819 at a price of \$5,000,000.00, which was likewise an astonishingly low figure. Texas was annexed in 1845 and the conquest of California, New Mexico, and other Mexican territory came in 1848. The purchase of our tiny southwest corner commonly known as the Gadsden Purchase, was made in 1853 at a cost of \$10,000,000.00. The purchase was made as a feeble effort to soften the somewhat high-handed conquest of Mexican territory a few years before.

The Oregon Territory boundary was settled in 1846, and that area of 285,580 square miles formally annexed. Alaska was purchased from Russia during Johnson's administration for the amazing price of \$7,200,000.00. These vast areas combined with the territories gained in the Revolutionary War now make up our nation. Good fortune, trickery, conquest, sharp bargaining, and fair negotiations have all played their part in this growth. Napoleon and Talleyrand almost gave us the Louisiana Territory in 1803.

The seafaring, commercial, and agrarian community of thirteen colonies became the greatest industrial power in the world in the years from 1787 to 1932. The new nation, left largely to itself by the outside world, had, nevertheless, participated in five major wars in the period between 1787 and 1932—the War of 1812, the Mexican War, the Civil War, War with Spain, and World War I. Slavery disappeared. The status of the Negro had been completely changed. The states had been definitely subordinated to the Federal Government. Nullification and secession are now forgotten terms. The American Indian nearly disappeared. The population of the nation became a confused mixture of many races and minority groups.

Tremendous events had occurred during those one hundred and forty-five years. Yet our Constitution

and our government remained much the same as they were during the period of Jefferson, Madison and Monroe. Probably the greatest change and the most regrettable change which would be noted today by Hamilton, Washington, James Wilson, John Dickinson, James Madison, Oliver Ellsworth, and others, could they return to life, would be the present failure of the strongest and best men of the nation to engage in the problems of government. In 1932 those men, thousands of them, were to be found in commerce, industry, banking, and the professions, but rarely in politics.

The great problems of the government during those one hundred and forty-five years revolved around the questions of the establishment of the new Federal Government, states' rights vs. rights of the federal or national government, secession, territorial expansion, slavery, tariff and its twin problem of agrarianism vs. industrialism, social reform and enlargement of the rights and privileges of the common man. Paralleling these major problems have been numerous difficulties of lesser although definite importance, such as the relative positions of the legislative, executive, and judicial departments of the government, the use and disposal of public lands, the conservation of national resources, the control of trusts and the moneyed interests, public works programs and construction of systems of communication, expansion of the government and the growth of minority groups and blocs.

The Federal Government from time to time during this period has been taken over by various powerful groups, which groups controlled or came to control two and occasionally all three branches of the government. Jefferson and his "Republicans" did this in 1801. Andrew Jackson and his Westerners, together with eastern Democrats, were the next group in 1829.

Thaddeus Stevens, Benjamin Wade, and their fellow Reconstructionists literally stole control of the government in 1865 upon the death of Lincoln and brought on the nation one of the most shameful periods of its history. The Republicans took control again under Harding in 1921 and by sufferance rather than energy, continued in power for eight years, riding the crest of an inflation period.

It is interesting to note that three great early American patriots, George Washington, Alexander Hamilton, and Patrick Henry, literally died in the defense of the new government, in the establishment of which all three had helped. Hamilton's feud with Aaron Burr was political and Hamilton considered him an enemy of the Republic. George Washington and Patrick Henry died during a controversy over state's vs. national rights, in which contest both energetically took sides in defense of the new republic.

Jefferson in 1801 came to power with a sweeping mandate from the people. He believed in simplicity and honesty in government and in a widened electorate. His national policy was agrarian. He feared the growth of cities and mistrusted the commercial interests of New England and New York. His strong belief in the doctrine of state's rights as against a powerful national government led him into opposition against Alexander Hamilton and later John Marshall. Yet it was during Jefferson's administration that Chief Justice Marshall laid and cemented the foundation of a strong central government.

A brief survey of the history of our Supreme Court during this period (1787-1932) is here in order.

John Marshall believed in a strong federal government and from his position on the Supreme Court, to which he was appointed by John Quincy Adams in 1801, he proceeded to implement that belief in a series

of great decisions which stand to this day and which had as much or more to do with the form of our government than the work of any other individual in our history.

John Marshall himself virtually built the present great authority of the Supreme Court. Before his era, beginning in 1801, the position of Chief Justice held few attractions for qualified candidates. Neither John Jay nor Oliver Ellsworth, who both preceded Marshall as Chief Justice, gave the position a great deal of concern. Marshall was of a different stripe. He had served with Washington and Hamilton at Valley Forge and a common spirit toward the Constitution prevailed with all three men.

Four of Marshall's decisions provided the corner stones of his Supreme Court career. The *Marbury vs. Madison* Case established the principle of judicial review of Acts of Congress by the Supreme Court. The *Dartmouth Case* established the doctrine of the inviolability of contracts. The *Gibbons vs. Ogden Case* established the principle of federal control over interstate commerce. The *McCulloch vs. Maryland* decision denied the states the privilege of abridging the national powers of the Federal Government. This decision brought forth also the far-reaching and controversial doctrine of implied powers. "Let the end be legitimate, let it be within the scope of the Constitution and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, which consist with the letter and spirit of the Constitution are Constitutional."

John Marshall died in 1836 after thirty-five years of great influence in our government, an influence which has reached through the subsequent history of the Republic. It is difficult to imagine what course our government would have taken had it not been for

Marshall's appearance on the national scene as a counterbalance to the Jeffersonian doctrines and policies of enlarged state's rights.

Roger B. Taney of Maryland was appointed by Andrew Jackson as Marshall's successor. Under him the power of the Supreme Court continued. It developed a strong pro-slavery and state's rights attitude during Taney's incumbency. In 1857 the notorious Dred-Scott decision was handed down by the Chief Justice. President Lincoln devoted much of his energy and influence to the reversal of that decision by his new appointments. Salmon P. Chase succeeded Taney as Chief Justice in 1864. His most notable achievement was the presiding over the impeachment trial of Andrew Johnson. Had a less imposing and less firm Chief Justice presided over this trial it is probable that President Johnson would have been removed from his position and the great position of the Presidency would have fallen thereafter under the domination of Congress.

The Supreme Court, to a great extent, was deprived of power by a vindictive Congress during the "Reconstruction" period after the Civil War. Nevertheless, the Court had by this time established itself in the very fabric of government. In the words of Burton J. Hendricks in his book, "Bulwark of the Republic," the people had come to realize that "unless there is some impartial referee outside its own (i.e. Congress') authority to determine whether it has observed the rules, the Constitution is automatically abolished. The powers granted by the people (to the government) can be disregarded at will."\*

The continued high character of the Court has been its best safeguard. Salmon P. Chase was followed as

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\*BULWARK OF THE REPUBLIC by Burton J. Hendrick. Little, Brown and Company, 1941. Page 94.



Chief Justice by Morrison R. Waite in 1873, who served until 1888. Melville Weston Fuller succeeded Waite and served until 1910. Edward D. White served from 1910 to 1921. President Harding appointed William Howard Taft as Chief Justice and he served until 1930, when Charles Evans Hughes was called to the chair. His successor was Harlan P. Stone who was made Chief Justice by President Roosevelt in 1941.

A position on the Supreme Court sobers men. The members come to assert an intellectual independence and reflective viewpoint which steadies decisions and oftentimes causes a complete reversal of attitude over that held by the individual justice prior to appointment. This was evident in the men appointed by Jefferson during the period of his contest with the national judiciary. It was likewise evident in Jackson's appointees, and it became particularly evident during the post Civil War period when a justice like Joseph P. Bradley, a Grant appointee, became one of the brilliant members in a long list of notable members on the Court.

The characters of the Chief Justices indicate the general character of the Court. However, many of the Associate Justices rank as high, if not higher than their presiding officers in brilliance and achievement. The names of a few of these men will illustrate. In the early history of the Court the name of Associate Justice Joseph Story stands out. Within the past 75 years we may name Samuel Miller, appointed by Lincoln; John Marshall Harlan, appointed by Rutherford B. Hayes in 1877; Oliver Wendell Holmes appointed by Theodore Roosevelt in 1902; Louis D. Brandeis, appointed by Woodrow Wilson in 1916; and Benjamin Cardozo, appointed by Hoover in 1932. The list is far too long for these few names to give any semblance of completeness.

Strong efforts to control our Supreme Court have appeared throughout our history. Jefferson, because of Federalist action in packing the Courts, wanted to minimize the power of the Federal Judiciary. President Jackson, for a different reason, had a similar attitude. Congress, after the Civil War, wanted to control or subordinate the position of the Court. It succeeded temporarily. Efforts to control the Court in recent years will be discussed in a later chapter. Despite these recurring efforts and despite the fact that the Court actually lives by sufferance (the Constitution itself made little provision for the actual formation and maintenance of the Court), it thrives, and as great a student of government as Viscount Bryce has declared it to be one of America's great contributions to the art of government. The fact that the Supreme Court lives on its merit alone is probably the cause of its continued high position in America. It may be assumed also that the Court's struggle for continued independence and influence keeps the Tribunal in a healthy condition.

There are strong reasons for the continued importance of the Supreme Court. The very character of our Federal Republic requires the existence of a Supreme Judicial Tribunal. The problems involved in the complex relationship between the nation and the states, and those involved in the various rights of the citizens under state and national jurisdiction require the existence of such a Court. It is safe to say that without the Court our government could not possibly continue to exist in its present federal form.

Fortunately, the Court lives and serves the purposes for which it was intended. Unfortunately, neither the states nor the Federal Government have kept pace with social progress in their amendments to the Constitution or in their legislation. This fact alone has caused much criticism of the Court and its decisions. The

fault may more justly be laid at the door of Congress, the President, and the various state governments which, over the years, have failed to revise or indicate a revision of the fundamental law in the light of changing times. *The Court can only properly work from the basis of existing law and not from what should be on the statute books.*

. . .

The period from 1787 to 1800 was a period of unification of the nation, the establishment of the new government, and the building of a national credit structure. During this period the quarrels with Great Britain over the boundaries of the Northwest Territory were settled through the efforts of our Minister, John Jay. There was fortunately enough leadership and enough coalescence among the people and states to forestall any disastrous quarreling within the new government during this formative period.

In 1801 Thomas Jefferson ushered in a new era. He wished to guide the new nation in a direction somewhat at variance with the aims and desires of Washington, Hamilton, and Adams. His emphasis on personal rights, decentralized power in the government, on subordination of the judiciary, on economic pressure and arbitration as answers to national and international problems, served to place him in opposition to Alexander Hamilton and John Marshall and lesser Federalists. These opposing groups established rival philosophies of government which, with variations, have survived to this day. Had it not been for John Marshall's unshakeable faith in the prerogatives of the judiciary and the dominance of the national over the states' governments, it is probable that the newly established Union would have been torn apart early in its history.

The adaptability of the Constitution was shown in these early years. Within seventeen years of its adoption the Constitution had been strengthened and revised with twelve amendments. The first ten of these constituted the "Bill of Rights". However, the people and the Congress alike thereupon proceeded to neglect and forget the right of amendment and no more changes in the basic law appeared until Lincoln's emancipation amendment in 1865.

The westward expansion of our country began under Jefferson with the purchase in 1803 of the Territory of Louisiana out of current revenue and without an appropriation from Congress. The Texas problem can be said to have begun at that time, inasmuch as the boundaries of both Texas and Louisiana were clouded by the previous back-and-forth ownership between France and Spain. Regardless of boundaries and title, the proximity of Texas now made inevitable the overflow of our westbound emigration into that portion of Mexico. The purchase of Louisiana also gave impetus to the growth of the West and the rise of Andrew Jackson, Henry Clay, and the War Hawks, which group assisted mightily in pushing the United States into war with Britain in 1812 after the failure of Jefferson's policy of economic boycott.

Jefferson's peaceful "minimum of government" revolution leveled off during the administrations of Madison and Monroe and John Adams. John Adams as Secretary of State under Monroe demilitarized the U.S.-Canadian boundary. The all-powerful Republican or Republican-Democrats Party which had swept aside the previously all-powerful Federalist Party began to show signs of fatigue and stress during Adams' administration. The problems of states' rights, nullification of the Constitution, and slavery had been attacked, but no decisions had been reached. Henry

Clay's compromise measure of 1820 had served temporarily to divide the Louisiana Purchase between slave and free states on the 36°30' parallel with the exception of Missouri, which had already been admitted as a slave state. However, the storm over slavery was gradually taking clearer form and the contest between the North and the South was approaching the bitterness which was to mar the following half century.

The Democratic Party (known to Jefferson as the Republican or Republican-Democrats) led by West-erners, swept Jackson into power in 1828 and the opposition group, built up somewhat by Monroe and more fully by John Adams, was swept out of office by the new broom wielders from the west.

The Jackson era extended from 1828 to 1840 although his own term of office ended in 1836. This was an interlude. It is interesting chiefly because of the personal character of Andrew Jackson and his followers. The Tennessee or frontier statesman was a choleric follower of the principles of Jefferson, probably without knowing it. He came to the presidency less prepared, in a formal way, for that position than any other president before or since. He was a patriot and a staunch admirer of the Constitution as he understood the Constitution, which wasn't very well. He had an undeviating sense of justice, honor, and loyalty. His political acts were impulsive and frequently violent. Jackson's influence was powerful from 1824 to 1840. He dominated the legislative branch of the government during his administration and exhibited some contempt for the judicial department. However, he neither overawed nor overpowered John Marshall, who remained Chief Justice until 1836, the year of the jurist's death.

Jackson had nothing but hostility for the vested commercial and moneyed interests. He overpowered

the United States Bank and secured revocation of its charter. He distrusted England. He was an ardent nationalist. Nullification was killed during this era and it is probable that Jackson would have killed its champion, John C. Calhoun of South Carolina, as willingly as he spiked the guns of the "Nullifiers," inasmuch as he had a vehement personal dislike for the man. The South might rationally have justified nullification, but the nation as a whole was behind Jackson in his refusal to permit this step backward toward the days of the Articles of Confederation.

Andrew Jackson and his group of Westerners, southern Democrats and northern commoners, summarily disposed of the problems of government which arose during this era. They had taken over the Federal Government. The Whig Party was as yet neither unified nor certain of its program. Unfortunately it never did completely conquer these two weaknesses.

The great problems of slavery, the admission of Texas, establishment of a sound banking system, the problems of westward expansion, the tariff, and secession were not even partially solved during this era. The nation was growing rapidly and space, with freedom, was accepted as the solution for all national ills.

Our country's first great depression broke in 1837. A speculative era came to a climax. Extravagant land transactions, particularly in the West, were the principal cause of the boom and the subsequent crash. The economic crisis was severe. It might have been appreciably alleviated by the existence of a sound banking system, but there was none. The state banks were in a demoralized and insolvent condition. The United States Bank, like so many of Jackson's opponents, had in 1836 lost its duel with the President. These were years of minimum government with nature producing its own remedies for the periodic maladjustments of society.

The Jackson era was further important and interesting because of the rise of new figures on the national scene. The life and struggles of these newcomers filled the pages of our history for about thirty years. The list includes among many, the names of Henry Clay, Daniel Webster, John C. Calhoun, Charles Sumner, and Sam Houston. Of this illustrious group the last named is the only one who achieved in a positive and definite manner the objectives to which he had devoted a principal part of an amazing life. Houston freed Texas from Mexico, made it into a nation and secured its annexation to the United States, an accomplishment which ranks with any political achievement in our history. Houston may also be noted as one important American leader who energetically defended the rights of the American Indian.

It was during the Jackson era that the mantle of defender of the Constitution slipped from the shoulders of Marshall in 1836 and was retrieved and carried by Daniel Webster until his death in 1852.

Railroad building east of the Alleghenys began in earnest during this period and the government was drawn into the problems of developing and financing these new arteries of communication along with the roads and canals. Transportation was recognized as a problem of national importance.

The period from 1840 to the election of Abraham Lincoln in 1860 may appropriately be termed the era of political confusion. William Henry Harrison, a Whig, was elected to the presidency in 1840. He died in office and John Tyler, a slave-owning Southern Democrat, became the president within three months after Harrison's inauguration. He had been elected by the Whigs as a running mate for Harrison on the famous "Tippecanoe and Tyler too" slogan. The Constitution made no definite statement about the Vice

President's assuming the presidency upon the death of the President, but Tyler did assume the higher post and the practice, once started, has become law.

Roger B. Taney was made Chief Justice of the Supreme Court by Andrew Jackson in 1836. He was a strong Southern sympathizer and considered the Negro merely a chattel, an item of property. Yet Taney, during 28 years on the Court, exhibited an exemplary social consciousness of the rights of free men (i.e. white men) as opposed to the rights of vested interests.

The shadow of the slavery problem lengthened ominously over the land but little of a constructive nature was advanced as a solution. Compromise after compromise was offered and established only to be crushed under the onrush of tragic events. The forms and voices of great men filled the halls of Congress but the irresistible forces of opposing systems and societies defied their greatest efforts. Among these leaders the names of Clay, Calhoun, Webster, Benton, Cass, Seward, Douglas, and Jefferson Davis stand out. All of these men hungered for the presidency. None of them achieved it, although Davis did succeed in erecting a new and temporary republic over which he presided for more than three years.

Texas was annexed to the Union in 1845 by a joint resolution of Congress. The rush to Texas was on and the Mexican War followed in 1846. These two events brought our fifth great increase in territory, inasmuch as we took from Mexico the territory of New Mexico and California, which carried our frontier to the Pacific.

The Gadsden Purchase was made in 1853, wherein we paid some \$10,000,000.00 to Mexico in conscience money for a small section of land on the southern border of the present state of Arizona. The Oregon



boundary dispute was settled in 1846 and our present continental boundary, exclusive of Alaska, was, in general, established in 1853.

All of this land made western expansion easy and inevitable and the government facilitated the purchase and ownership of farms and homesteads. Land was cheap everywhere, a widely prevailing price being \$2.00 per acre with 50c down and easy terms for the balance.

Every accession of territory caused the slavery issue to flame anew. States were considered and counted as "pro slave" or "free", far in advance of their admission to the Union. Each new state was looked upon as an increase of political power for the North or the South, particularly in the Senate where any state meant two votes. Texas became a slave state. The South expected the huge Lone Star state to be split into several states, each with its two Senators, and provision was made at the time of annexation for division into five separate commonwealths. Agreements and compromises were reached, but after each such agreement or compromise the South began to look for new sources of territory and power with which to match the steady growth of the Northern states. Even Cuba and the West Indies were considered. New purchases, annexations or conquests of additional territory from Mexico were planned. The South wanted political power to save her social structure.

The problems of the institution of slavery had been avoided by the Constitutional Convention of 1787. The failure to face those problems caused more misery, bloodshed, and unhappiness than any other issue in American life down to the present time. The nation's leaders and lawmakers and the governments of the states failed to rectify the Constitution's failure in this regard until the appearance of Abraham Lincoln in American politics.

Henry Clay's compromise of 1820 divided the Louisiana Purchase on the 36°30' parallel between free and slave territory. Missouri was, nevertheless, admitted as a slave state in 1821. Texas was annexed in 1845 as a slave state. The Wilmot Proviso attached to the Gadsden Purchase Bill would have prohibited slavery in the territory ceded by Mexico after the Mexican War. The Wilmot Proviso was rejected. California was admitted as a free state in 1850.

In the year 1850 Henry Clay and Daniel Webster, in a last desperate effort to avoid civil war, put together their last compromise with the South. The New Mexico territory, outside of California which was free, was to develop as it would in accordance with the desires of the settlers. Slave traffic should end in the District of Columbia. The nation was to enforce more rigidly the fugitive-slave laws. The Compromise gained time for the North.

Daniel Webster, who died in 1852, probably did as much toward the winning of the Civil War, which he did not live to see, as did any single American. His great congressional debates, his strong defense of the Constitution, his powerful love of the Union, created widespread and great spiritual values in the North and went far in carrying the Northern states through to victory in 1865. The many discordant elements in the Union, the blundering and bungling of all phases of the war effort, the almost frightful mismanagement of the war, the suffering of men and the great losses of effectiveness in all the major campaigns, make one pause in astonishment over the fact that the North could win such a war at all.

It was not only the time to develop and grow strong (eleven precious years) which Clay and Webster gave the North by the Compromise of 1850. It was also that intangible moral or patriotic sense which Webster

had imparted to the nation he loved, over a period of more than thirty years, which served to carry the North to victory. Webster followed Marshall, Washington, and Hamilton as the principal defender of an indissoluble Union under the Federal Constitution. The Union's next great champion was Abraham Lincoln, a character unlike the others in most respects, but much like them in his firm loyalty to the nation and its fundamental law.

The Compromise of 1850 did not stop the spreading fire of the slavery and secession issues. The South as usual looked elsewhere for strength. In 1854 the Congress passed the Kansas-Nebraska Bill making slavery lawful in any state where the inhabitants at the time of admission into the Union indicated that slavery was wanted. It reopened almost every phase of the slavery issue. It was reputed to have been the handiwork of President Pierce, his Secretary of War, Jefferson Davis, and Senator Stephen A. Douglas. In 1857 Chief Justice Taney handed down his famous Dred-Scott decision. At last the South had gained control of the executive, the legislative, and the judicial departments of the government. All three went about the business of saving the institution of slavery.

The Civil War was unquestionably precipitated by the Southerners' monopoly of governmental power and the vindictiveness with which it was exercised. Taney's Dred-Scott decision said in effect that the rights of states were primary rights and that each and every state had a common interest in every new territory, that slaves were property and that change of venue did not change the fundamental status of the chattel. The gauntlet was thrown.

It has been argued that the Civil War was the result of rivalry between the agrarian South and the industrial and manufacturing North. This may be true,

but the statement in and of itself means little, and at best it can be but a partial truth.

The institution of slavery had been passively accepted by the nation's founders and leaders during the days of the Articles of Confederation, and the writing and establishment of the Constitution. It continued to live. The South, at one time lukewarm toward the continuation of slavery, about 1787, gradually became obsessed with the idea of its continuation. It thereafter spent seventy-five years in a vain attempt to prove its later conclusion as correct. In the meantime the North and West continued their industrial, commercial, and agricultural growth and inevitably pulled away from the slave states in an economic way. Rivalry and bitter opposition between the sections was the result. An enormous portion of the actual, assessed wealth of the South was in slaves. Economic development in the North and West threatened the existence of that wealth. Also, slavery became more and more a moral and political issue. Abolition was threatening the existence of a social order based upon the institution of slavery and the use of slaves as property or wealth.

This calamitous question was attacked in many ways during these years, 1787-1865, but the only solution offered was some compromise. The actual *elimination of slavery by some rational, orderly process* was neither consistently proposed nor planned.

Abraham Lincoln has an assured and high place in our own history and in world history because of his steadfast and humanitarian objectives. He, almost alone among the leaders of a half century, saw that the existence of slavery itself was the evil core of the great slavery question. Like John Marshall, however, Lincoln hoped to attack his problem in an orderly manner. He wanted the Dred-Scott decision reversed

by judicial process. He wanted above all to save the Union. He wanted to free the slaves. He wanted justice and good will between all the states. It is open to question whether or not he hoped or intended to give or even to attempt to give social and political equality to the liberated Negro. The march of events overtook him and his tragic death struck down the defender of justice and human rights before he could complete even a part of his early plans. His singleness of purpose and his amazing clarity of vision, however, did save the Union.

Four horror-stricken years of Civil War decided the questions of slavery and secession. These same years and their results also disclosed how a nation or a part of a nation can consume the flower of its citizenship in a single bloody war. In 1861 the population of the South was one-fourth that of the North. Yet the war's casualty list of both sections was approximately the same. The South was poor in railroads and industries in 1861. It was devastated by 1865. The slaves had been freed by constitutional amendment in 1865 with no compensation to the previous owners. The South was spiritually and materially bankrupt. The twelve years following the Civil War were to add gall to the wormwood. It would be difficult to find in history the equal of this story where one section of a nation or people has suffered so terribly in its relations with another section of that same nation. The effects of the Civil War depressed the South for more than half a century.

The era of 1840-1860 had been one of easy dominance of the legislative branch over the executive. The Presidents Harrison, Tyler, Polk, Taylor, Fillmore, Pierce, and Buchanan had been mediocre men. Congress was filled with strong and capable characters. Yet it must be confessed that little constructive or

forward-looking leadership directed the affairs of the government.

During the Civil War the executive branch, by nature and of necessity, gained the ascendancy. The centralization of power within the executive branch of the government and within the national government itself developed rapidly in this period. A national banking act was passed which endured for fifty years or until the appearance of the Federal Reserve Act. A federal income tax was imposed and retained until 1873. A far-reaching homestead law was passed in 1862. This law contributed greatly to the development of the great agricultural areas in the upper Mississippi River Valley. 160,000,000 acres of land were given outright as subsidies to transcontinental railways. Alaska was purchased from Russia in 1867 at a price of \$7,200,000.00.

The Federal Government assumed (and has never since relinquished) a position of positive domination over the states during and immediately after the Civil War.

. . .

Between the years 1787-1865 we were left largely to ourselves as a nation with the exception of the Napoleonic war period. Europe poured out its surplus population onto our shores, but the problems of foreign relations were negligible. France interfered in Mexico during our Civil War, but was forced to make a shamefaced withdrawal in a short time. We neither needed nor had much of a foreign policy outside of our self-acclaimed Monroe Doctrine which had been inspired by the Britisher, Channing. The nation grew. The national government grew, but its growth was haphazard and dictated by events. The pliable character of the Constitution fortunately prevailed during the entire period but men, as the agents of this new

government, failed in their duty of modifying and adapting the growing government to the also growing needs of an expanding nation.

The period between 1865 and 1876 is generally known as the Reconstruction Period. The historian, Claude G. Bowers, has named it the "Tragic Era." It might with equal justice be called, "Era of Vengeance."

Lincoln had the plan and policy of bringing the Southern states back into the government on the assumption that they had never really been out of the Union. The Civil War had been fought to prove the impossibility of secession. The Unionists had won. Therefore, reasoned the logical Lincoln, the Southern states had been members of the Union all during the war and had only temporarily and improperly vacated their places in the national government. The hope of carrying through such a policy died with the martyred president. Andrew Johnson intended to follow in the footsteps of Lincoln, but he was no match for a vindictive Congress and only missed a conviction on impeachment charges by the narrowest of margins. Shamefaced as this affair was and humiliating as it was to Johnson, it did serve to establish a precedent which has placed the power and position of the Presidency beyond the reach of an opposing majority in Congress. It was another milestone in the development of our government under the Constitution.

A Congress dominated by a group of venomous opponents of the South took over our government during Johnson's administration. The executive was subordinated to the legislative and the judiciary was instructed to stand aside. An attempt was made to prevent the President from filling the Supreme Court panel, inasmuch as Stevens, Sumner, Wade, Butler, and others felt that they could be more certain of a majority on the short Court of only seven members.

The Republican Party of that era was entirely disinterested in preserving the two-party system.

The North had won the Civil War. The radically partisan government of the North intended to choke that victory down the throat of its prostrate victim. The newly emancipated slaves, approximately 4,000,000 of them, were obviously unprepared for the full privileges and obligations of citizenship. This was and is no reflection on the Negro race. It rather was a reflection on a nation which had allowed the archaic system of slavery to exist so long within its borders. Nevertheless, it was true. Yet in spite of it the Fourteenth Amendment to the Constitution was ratified and put into effect in 1868 and the Fifteenth followed in 1870.

These two amendments not only enfranchised the Negro; the Fourteenth also prohibited the war leaders of and from the South from participating in government. It likewise sealed the temporary impoverishment of the South by invalidating all Confederate debts and prohibiting any payment to the South for loss of slaves through emancipation. The bitterness was augmented by the probability that both these amendments were unconstitutional. They had been ratified by some Southern states at virtually the sword's point, or through illegal state governments. The North had twenty-two states, the South eleven. A three-fourths majority would have been twenty-five. It is highly questionable that any Southern state had a state government in 1870 which had been fairly and constitutionally established. Martial law, carpet-baggers, and "reconstructionists" were still in power.

The South had ruined itself in fighting for a lost cause. The Northern Radicals in the twelve years, 1865-1876, clinched the victory and added bitterness and resentment to defeat as the loser's portion.



Transcontinental railroad building proceeded rapidly during this period, 1865-1876. The first coast-to-coast line was completed in 1869 by the driving of the golden spike near Ogden, Utah. The new railroads stimulated greater and greater western development. The Alabama claims from the Civil War were settled by arbitration in 1872. This strengthened the position of arbitration as a means of settlement of international disputes. Problems of veterans' relief began to appear during Grant's administration. The beginnings of great corporate growth and wealth appeared. The Knights of Labor came on the scene in 1869. Scandal in high places marred the otherwise high reputation of the victorious Union general. The quarrels over gold, the currency, legal tender, which were to plague the nation for thirty-five years, started during this era. The great depression of 1873 was precipitated by the failure of a banking house and a general crash in railroad securities. In 1837 the speculation had been chiefly in land. In 1873 it was in railroads. In both cases the depression had come at the end of a speculative era. All classes of society had participated. There were ringleaders but the entire nation generally was at fault.

The best thing that we can say about the era of Reconstruction is that it is past. It is a sorry page in the nation's history. The "Radicals" of the postwar Congress had fastened a race problem on the nation, the solution of which is not yet in sight. The "Radicals" had compounded an error.

The light of improvement began to shine through the clouds of ineptitude, graft, and bitterness with the election of Rutherford B. Hayes in 1876. The good Presidents of earlier years had been two-term Presidents. Between 1876 and 1896 the United States had four good Presidents who served single terms or

parts of single terms or divided terms. These were Rutherford B. Hayes, James A. Garfield, Chester A. Arthur, and Grover Cleveland. All of them were, to a large degree, students of government. Each of them looked upon the nation as a whole and considered that his position and his services belonged to that nation.

During this period we had another strange Vice-Presidential case. Chester A. Arthur was named as Garfield's running mate, more or less as a vote-getter from New York. He was a ward politician of rather murky reputation. He became President upon the death of Garfield and carried out his duties in a highly commendable manner.

All of these four men, Hayes, Garfield, Arthur, and Cleveland, contested with Congress to regain executive power which had been usurped by the Congresses of the "Reconstruction Era." All four of these men fought for the establishment and use of civil service in governmental employment. All four of these men strove to cure at least some of the festering wounds left in the South by the Civil War. All four men attempted to maintain a sound currency and a strong credit condition within the nation. In particular the integrity and candor and strength of character of Grover Cleveland stand out and mark this man as one of our country's great Presidents.

The organized labor movement began in earnest in this era, 1876-1896. It was a natural result of the growth and concentration of financial and industrial power. Wealth had become vested with power. Money making was in the air. The moneyed interests were generally quite unrestricted. They therefore became selfish and predatory. The evil grew in a condition of political dissension between North and South, East and West. Wars seem to beget rotten politics and the Civil War with its postwar period was no exception.

The undue concentration of economic power, to some degree at least, was balanced by a new consideration of social problems. These, including unemployment, were considered as possible man-made evils and the government made feeble beginnings at reform.

The Populist Party in 1892 proposed Postal Savings Banks, restriction of immigration, graduated income taxes, and direct election of Senators. Here, as elsewhere in our history, a minority or secondary political party pointed the way for action in later years by one of the major parties.

The government began seriously to protect and conserve its great national resources for the first time during this period (1876-1896). It began to realize that there was an end or limit to forestry reserves, watersheds, grazing lands, animal life, and mineral deposits.

Railroad building continued and westward expansion did not slacken. The Republican Party, in power in 1888-1892 with Harrison as President, went on a money-spending spree in purchases of silver, issuance of pensions, and general extravagance. This probably precipitated the depression of 1893, although here again, as in previous depressions, the people generally moved into a position where speculation and extravagance seemed to be much more interesting than the homely virtues of thrift and sobriety.

This general period was notable for the beginnings of our foreign policy under James G. Blaine. Our influence was being felt and acknowledged particularly in Latin America. Blaine was probably our first Secretary of State who consistently and effectively concentrated on our relations with foreign powers as a problem of government. Heretofore we had faced the problems of foreign relations as and when they had arisen, piecemeal and one at a time. Blaine began

to make a pattern of these affairs. What he began in 1884 was continued by John Hay under Theodore Roosevelt.

The period between 1896 and 1912 was filled with activity. It had become obvious to any thinking citizen during this period that big business had become a vested interest. The national government under McKinley had become the guardian and protector of the welfare of this interest. The assumption that business welfare meant national welfare had been quite widely accepted. Nevertheless, there were other viewpoints in the nation. William Jennings Bryan worked for years in an attempt to take a people's administration into Congress and the White House. The Democratic leadership was too radical, however, particularly on the silver issue, to gain the necessary support of the people. This was unfortunate, as it caused important social and economic issues to lie unattended for years. It is true, nevertheless, that both Theodore Roosevelt and William Howard Taft carried their own party in the direction of many needed changes.

The missionary or humanitarian spirit of the nation, plus the influence of the young imperialists of the era, precipitated the war with Spain. We definitely entered the arena of world affairs as a result: The Panama Canal was started. We took a firm position in Latin America, particularly in Venezuela, and we helped to avoid war between Germany and France over the Moroccan question. Theodore Roosevelt helped arbitrate the peace terms of the Russo-Japanese War. John Hay, his excellent Secretary of State, promulgated the Open-Door policy in the Orient. We now owned Alaska, the Hawaiian Islands, and the Philippines, all bridges to the Orient. We also owned the Island of Puerto Rico in the Atlantic. No longer were we isolated. The stage was being prepared for

our entrance into World War I and the foreign relations growing out of it.

The nation's industrial power had been growing rapidly. The electrical age was opening. Widespread use of the gasoline engine and the use of rubber in large quantities both appeared. The people as a whole became aware of labor problems. Strikes grew in size and frequency. Segments of business became arrogant and under both Roosevelt and Taft they felt the lash of public opinion and government action. Railroads, oil companies, insurance companies, sugar companies, advertisers and patent medicine groups were among those affected. The elder Henry Cabot Lodge during this period in one of the disputes between business and the public is reputed to have said, "The business man dealing with a large political question is really a painful sight." This statement was never more true than some twenty years later when, in the days of the New Deal, business, good and bad, was pilloried month after month by political figures.

A governmental program of conservation of national resources was energetically carried on by President Theodore Roosevelt. America demonstrated anew that she was an engineering and construction-minded nation. Her extensive record to date has included the Erie Canal, the great transcontinental railroad systems, the Panama Canal, the great dams such as Hoover or Boulder Dam and Grand Coulee Dam, Mississippi River control, and the highway network in our own country. To this record must now be added the gigantic military engineering achievements of World War II.

America was busy, thriving and reasonably happy during the period of 1896-1912. A storm was about to break, however, and it came this time from foreign lands. As we look backward we may somewhat wist-

fully feel that the era of McKinley, Roosevelt, and Taft, while not our Golden Age, was nevertheless a Silver one, with no pun intended for Bryan and his followers.

The World War dominated the scene of action during the eight years of Wilson's administration, 1912-1920. The tragedy of war is a cumulative one. It not only kills, maims, and destroys as it moves — it also concurrently throws mankind off its path of progress which at best is a winding one, full of pitfalls. 1912-1920 could have been an era of vast governmental and national improvement. It became instead a period of intense war activity, appearance of war profiteers, dislocation of political trends, allegiances and parties. Our economic equilibrium was upset. We rushed headlong from the position of a debtor nation to that of a creditor nation. We were pushed pell-mell into the vortex of complicated foreign affairs. We had had no training nor suitable opportunity for training in either field. Naturally we fumbled and blundered. Meanwhile our domestic problems backed up, forced to await attention at a later date. Later, the nation failed to meet the appointment.

The World War period did prove our genius for industrial production and our great ability at organization. Fourteen months after war had been declared, we had 722,000 men in Europe. On July 4, 1918, we launched 95 ships. Vast amounts of supplies had been accumulated here and abroad. We had started from zero in 1917 with both our army and our shipbuilding. German leaders later expressed their amazement at our organization for war. All of this was only a preview for what we were to do on a much vaster scale in 1941-1945. However, our accomplishments of 1917-1919 were sufficient evidence of the ability of this nation in such fields of action, and they prove

that, after all, it is the character and ability of the people which count, and not the particular brand of bureaucrats who "pull the strings" or "call the shots."

The great contest over the League of Nations closed the second decade of the twentieth century. Woodrow Wilson, one of the best prepared men for the Presidency whom our nation has had, became personalistic. He insisted on dictating the terms of peace and establishing the League of Nations. The Senate rebelled. The deadlock which followed was disastrous for us. Reasonable compromise was impossible. It is probable that such Republicans as Elihu Root, Charles Evans Hughes, and William Howard Taft would have actively supported a League with reservations. As conditions were, the League was dashed to pieces against the hard-rock opposition of the irreconcilables, and Lodge, Borah, and Johnson, together with many Democratic Senators, at least pointed the way to a policy of isolationism.

The Woman Suffrage Amendment was adopted in 1920. The Prohibition Amendment was put into effect the same year only to be repealed in 1933.

The gradually expanding political consciousness of the nation broke into full blossom early in the twentieth century. This state of awareness throughout the country was carried through the administrations of Theodore Roosevelt, William H. Taft, Woodrow Wilson and Franklin D. Roosevelt. It was dormant under Harding and Coolidge. Republican stubbornness and a world-wide depression prevented any active manifestation of the reform spirit under President Hoover. Nevertheless, it may be safely stated that there has been a definite and strong political awareness of social problems throughout the years since the turn of the century.

Theodore Roosevelt, who came to the Presidency in

1902 upon the death of William McKinley, became the trust-buster. He and his administration interested themselves in the preservation and development of our natural resources. Direct election of Senators became a live issue in the nation. This was also the case with the matters of the direct primary, initiative, referendum, and the recall.

President Taft carried on the struggle which had been started by Roosevelt against the trusts. The Sixteenth Amendment legalizing the federal income tax became a law during his term in office. Tariff reform was of course an ever-present issue and served as the perennial *causus belli* between the Democrats and Republicans.

Woodrow Wilson should have been a reform President. He was a thoroughly prepared student of American life and history. He felt that he knew what should be done to modernize and implement our government. He was a sincere believer in democracy and desired strongly to improve our various governmental agencies. The Seventeenth Amendment providing for the direct election of Senators was put into force in May, 1913. The Federal Reserve Banks were set up during his first term in office, as was the Federal Trade Commission, the Clayton Act and the Farm Loan Act. Unfortunately, his many plans and the plans of his supporters and party members were torn asunder by and lost in the rush and madness of the first World War.

Another figure in this same period who led a movement of reform was the elder Robert La Follette, Senator from Wisconsin, who took leadership of the Progressive Party after Roosevelt's defeat in 1912.

Other liberal leaders of the period 1900 to 1920 included William Jennings Bryan, Oscar Underwood, Carter Glass, William E. Borah, Charles Evans Hughes,



Oliver Wendell Holmes, Justice Brandeis, Frank O. Lowden, and Samuel Gompers.

These men were leaders in reform movements. There were many other leaders and thousands, yes, hundreds of thousands of ordinary citizens who believed in and supported the various reform movements, the doctrines of the groups, and the reform leadership.

The perseverance and strength of these men and their supporters give ample proof of the existence of a state of social awareness within the nation. This was not confined to one political party. It pervaded both the major parties and, of course, gave particular stimulation to the minority parties which arose from time to time. Throughout the country there was a feeling among those sympathetic with or interested in political economy and social justice, as well as those who were only selfishly concerned, that great changes, both economic and social, had taken place, particularly since the Civil War. Our nation must of sheer necessity make adjustments to compensate for those changes. An industrial era had appeared, developed, and now overpowered the people who had all heretofore thought in terms of individual action and individual independence. Commerce and industry had outgrown the State. Area and population had outgrown the government's power and field of action. A growing number of people within the United States wanted something done about it.

The administrations of Harding and Coolidge unfortunately witnessed a disappearance or slackening of this attitude. This was probably caused by a variety of factors. First of all, the period 1920-1928 was chronologically a time for the nation to go on a spree. The World War was over. The excesses, brutality, extravagance of war had produced the inevitable reac-

tion and loss of moral values. The Republican Party returned to power; unfortunately it had been taken over by those interests, reactionaries, and steady conservatives who didn't want the boat rocked any more. They were supported by large majorities in both elections. Theodore Roosevelt's bolt from the party in 1912 had separated many of the younger liberals from the Old Guard. These young "Bull-Moosers" upon their return to the Republican Party were frequently kept in subordinate positions.

In any event, important reform or modernization of our government was laid aside from Wilson's time until Herbert Hoover's appearance. The world economic crisis and the stock market crash of October, 1929, put in the background any practical plans which the Hoover administration may have had for the equipping of the government to handle the present-day problems of an industrial and political prodigy.

Our government of checks and balances has had a varied career. The Constitution makers gave no assurance of life or influence to the legislative, the executive, or the judiciary branches of the government. On the other hand, the founders of our Federal Republic did give to each branch the means of survival and growth. This growth has been a fluctuating affair, particularly with the legislative and executive branches. There was a reasonable balance in the beginning. The genius of Jefferson raised the power of the executive. The legislative moved up with Madison, Monroe, and Adams. The executive plunged ahead with Andrew Jackson. It dropped back with Van Buren, Harrison, Tyler, Polk, Taylor, Fillmore, Pierce, and Buchanan. This was the era of the strong Congresses. The Civil War and the clear-headedness of Lincoln again lifted the position of the President. With

peace and the "Tragic Era" came the dominant and revengeful legislative power. Hayes, Garfield, Arthur, and Cleveland fought for a return of his rightful powers to the executive. Harrison and McKinley drifted. Theodore Roosevelt was an energetic leader during an energetic era. Taft observed a judicial attitude toward the position of Congress and the President. Wilson was a war President and the powers of the executive swelled but did not hide the legislative. He, too, was constitutional in his attitude during most of his administration. Harding and Coolidge told nature to take its course and Congress showed no signs of renewed greatness. Then the march of events overtook and overwhelmed the legislative and executive branches alike.

The life of the Supreme Court has been more even, although it likewise has moved up and down in position and importance. Its long period of great and good health has been caused largely by that remarkable man, John Marshall, who guided its destinies for thirty-six years, 1801-1836. The Court was ignominiously silenced after the Civil War by the "Radicals" of that era. It was to suffer a somewhat similar attack under the New Dealers in 1934-1938.

Burton J. Hendrick in his book "Bulwark of the Republic," in speaking of the XII Amendment to the Constitution, says, "It (the method to be followed for election of the President) illustrates the flexibility of what too many regard as a rigid instrument, but the Constitution's greatest quality is that it is malleable and can be moulded to meet new requirements and new circumstances. The Electoral College, essentially as it left the Convention, still 'appoints' the President, but ways have been discovered to make it the spokesman of the democratic masses. And this possibility is inherent in the whole Consti-

tution; that is the reason it has survived most other forms of government that existed in 1787. As it issued from the Convention it was, in the main, a bulwark of property; its subsequent history has been its gradual 'accommodation' to the demands and needs of the 'people'. This process, of course, is not yet complete. The great strength of the Constitution is that it was, as Oliver Wendell Holmes describes it, 'an experiment, and all life is an experiment.' It was a thing made for men, and took due account of the strength and weaknesses that constitute human nature."<sup>4</sup> Fortunately it has not only been a framework of government. It has also been a guardian of the rights of man, individually and collectively.

Regrettably, both men and states have failed in the improvement of their government where the Constitution itself clearly permitted such improvement. Our states and our statesmen have ignored or dallied with such issues as slavery, secession, the tariff, relief of poverty and want, corporation control, interstate commerce, the relations of labor and capital, and foreign affairs. The Constitution, however, has protected them and us in their failure and has given all of us second, third, and fourth chances to correct our faults and remedy our shortcomings. It is not, then, the Constitution which is to be blamed, should censure be in order.

The United States of America has been a dynamic nation. It gives ample evidence of remaining dynamic. Thus its political and economic organizations must be flexible in order to meet the demands of a changing era. We must be ready for variations which will accommodate themselves to the ebb and flow of the affairs of a virile people. Alexander Ham-

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<sup>4</sup>BULWARK OF THE REPUBLIC by Burton J. Hendrick. Little, Brown and Company, 1941. Page 93.

ilton and George Washington probably saw this more clearly than did any other of the post-Revolutionary era. Jefferson saw it to a lesser extent. It must be concluded from the vantage point of 1932 that, in the battle between the principles of government espoused by Hamilton and those of Jefferson, Hamilton's are slowly but surely winning.

We have become more and more a nationalist state as opposed to a Federal Republic. The power and influence of the states are declining. Jefferson's theory of "minimum government" is slowly but surely giving way. The tremendous growth of cities may have been the controlling factor in this. The complication of our industrial system also has been a great factor. It may also be said that the states are losing power and influence by default. In the absence of state action on pressing current problems, the responsibility and the power both fall to the Federal Government. In any event the policies of the far-sighted and gifted Hamilton are winning in this contest covering 150 years as the orbit of state action steadily becomes narrower and as that of the Federal Government swings in a greater and greater circle. These years have set the stage and the curtain rises on the administration of Franklin Delano Roosevelt, Democrat and alleged disciple of Jefferson. It appears ironical that this Democrat of all Democrats should prove the truthfulness of Hamilton's thesis and should give or attempt to give the *coup de grace* to the state's rights doctrine of his party's founder.

## CHAPTER V

### THE 12 YEARS: 1933-45

*"To solve one difficulty by raising another."*

—HORACE

SATIRA, BK. II, SAT. 2, LINE 103

The years between 1933 and 1945 naturally fall into two periods, the so-called New Deal period from 1933 to 1939, and the war period from 1939 to 1945. An attempt objectively to appraise either period, however, in the light of reason and truth is made extremely difficult by the fact that the world during these entire twelve years was pursuing a course of madness which distorted the rationality of man. It is difficult and seemingly futile to argue over the correctness of the decrease in the gold content of the dollar, or the loss of a few millions through governmental lending agencies, or the waste of billions on relief, or the installation of political spoilsmen in public offices in the nation when the world was destroying men, principles, and wealth at a rate theretofore undreamed of.

The era or period of 1933-39 was one of pronounced instability. It was an era of spurious reasoning, particularly in the fields of government and economics. A man might well be, as several were, an ardent admirer of Mussolini one year and a great friend of democracy the next. Capitalists turned communist as their wealth disappeared. Rock-ribbed individualists suddenly took up the cause of Collectivism as representing the hope of humanity. Thrift and extravagance were extolled alike. This was the era of the talkers

and the expounders and it resounded with noise. The radio, press, and cinema provided a wonderful forum for theorizer, reformer, quack, and critic alike. The theorizers took at least partial control of the nation.

The era of the New Deal, 1933-1939, like all preceding eras, had grown from the body of events of previous years. Parts of the New Deal philosophy had been attempting to rear their heads above the level of contemporary problems during the administrations of Rutherford B. Hayes, Chester A. Arthur, Grover Cleveland, Theodore Roosevelt, and Woodrow Wilson. Even Mr. Hoover contributed much to that complex pattern of policies and practices which later came to be known as the New Deal. It wasn't new at all. The faces and the personalities which directed it at its inception, however, were new to the American national scene and for this reason it is with them that we shall continue to associate this term and this political development. In fact our tendency is to associate the New Deal very closely and exclusively with Franklin D. Roosevelt. This is probably a mistake. There is much evidence to the effect that the President, to a very large extent, sang the words while the music was composed by others. Be that as it may, the President retained his position of dramatic leadership in a remarkable manner and must be pronounced a great man on one ground or another. He came to the Presidency in 1933 under such tremendous popular favor that he could immediately ask for and receive great personal power. Continued popular favor and emergency situations enabled him to retain that great personal power. He never allowed events to overtake him.

The decade of the thirties witnessed much the same political reactions throughout the important nations of the Western World. The Orient is not included in this discussion, inasmuch as our understanding of the

political breathing of China and India is very limited and Japan has heretofore successfully deceived the remainder of the world as to its aspirations, policies, and expectations.

A most prominent political reaction during this period was a general relinquishment of individual freedom. People and representatives of the people everywhere became fearful, as had their ancestors in the years of the feudal barons. In their fear they gave up their own independence and placed their fortunes and safety in the hands of strong leaders or leaders who proclaimed themselves to be strong.

Italy had already given itself into the keeping of the "blackshirts." Germany rushed into Nazism and Hitler's "brown shirt" protection. France floundered, awaiting the appearance of her strong man. It developed that his strength had been spent before his arrival. Belgium had its Rexists and Spain its dictators. Similar conditions prevailed in Brazil, Mexico, Chile, Cuba, and elsewhere in the Americas. Russia, for years, had been in the hands of her own "protector" or dictator. This State in fact, however, had the appearance of having passed the crest of the wave and of moving slowly back to confidence in the individual, state chosen though he might be.

Our own national history carried much that resembled these political movements. We, as individuals and as groups of individuals, surrendered many of our liberties and responsibilities to our elected representatives who in turn gave them over to a powerful centralized government.

The Republican Party, during the larger part of the Roosevelt era, was a negative party. It was rock-ribbed, ultra conservative, and passively resistant to change within itself. The meteoric career of a great American, Wendell L. Willkie, almost erased the Old



Guard in 1940, but upon Mr. Willkie's defeat at the polls the party returned to its negative attitude and only by the new and vigorous blood of such leaders as Thomas E. Dewey of New York, Earl Warren of California, Harold Stassen of Minnesota and similar men was the party finally swung around to a position more in keeping with current political trends. The influence of these men gave to the Republican Party a somewhat liberal character, the basis of which is the conduct of our affairs through private enterprise properly regulated by government. The theory of the New Deal, of course, was for intimate governmental regulation of and actual governmental participation in private enterprise and all trade and economic activity.

The Republicans partially lost the 1944 presidential election during the years 1940-43 in the halls of Congress through their attitude toward such measures as the Smith-Connally Anti-Strike Bill, the Soldier Vote Bill, and antagonism to Lend-Lease measures. Their opposition stand may have been justified but the trend of the times was against any conservative party. Mr. Roosevelt sensed this early in his administration and pinned the label of "reaction" on his political opponents. They stubbornly continued to wear the badge for twelve long years.

The previous chapter covered the period 1787-1932. This chapter is devoted to a twelve-year period, 1933-1945. It must be admitted that, in the life span of the government of the Republic, these twelve years are of comparable importance to the preceding one hundred and fifty years. The actual size of our Federal Government quintupled in the number of employees. The annual budget jumped from around three billion (1933) to a peace-time budget of eight and one half billion (1939) and a wartime budget of

over ninety billion in 1944. The national debt soared from eighteen billion to well over two hundred billion. Tax rates for corporations and individuals alike skyrocketed. Vast new fields of taxation were explored and exploited. The political importance of the states shriveled and seemed about to vanish. The political importance of Washington expanded as it devoured the power of state and local governments. There was a tremendous growth of power within the executive branch of the Federal Government. Executive orders and directives took precedence over legislative branches of the government during this era. A great wave of change passed over the national scene. It is too early to determine whether or not the wave is receding.

The year 1933 witnessed the appearance of an aggressive administration, of aggressive government in the United States. The recurrent panics of 1929-30-31-32, together with the confusing and contradictory statements of the nation's leaders, had created a condition of deep pessimism in the peoples' minds as to the sufficiency of the existing economic and political machinery. There were loud and sustained cries for relief, for governmental assistance and regulation, for governmental interference. These cries were as loud from Chambers of Commerce and bankers' associations as they were from citizens' groups and from the indigent and the unemployed.

Trade associations composed of representatives from all types of American business clamored for governmental financing and governmental expenditure and for governmental interference in their behalf. Union labor added its strident voice. All classes of citizens and all classes of organizations called for Federal help of one kind or another. It required little time or effort for the politician to discover that a new era had

opened in American political life. It was the era of governmental largess and all roads, therefore, led to Washington, the abode of this public Santa Claus.

It was into this situation that the New Deal moved. The New Deal was not new. Its roots were deep in Populism, in the political philosophy of William Jennings Bryan and Robert La Follette. The name itself was a blend of Woodrow Wilson's "New Freedom" and Theodore Roosevelt's "Square Deal." It picked up where Wilson had been forced to leave off. Some of Herbert Hoover's policies were absorbed, a few new articles of faith were added, repeal of prohibition was placed on the roster, the great political forces of labor, agriculture, the solid South and city machines were joined; political acumen of the highest order directed the strategy and the greatest and strongest political era of the nation came into existence.

The political organization of the Federalists in 1788, the Republican-Democrats in 1800, the Republican Radicals in 1866, the Bosses in 1900 or the Reactionaries in 1922 never produced any political strength or influence compared to the New Dealers of 1933.

The New Deal, with gusto and fanfare, attacked a wide range of national problems. It moved into reform in the fields of money, banking, and credit; into the saving of homes and farms from foreclosures; it recognized as a matter of national concern the problems of agriculture, conservation of natural resources, electrification of rural areas, social security, continued employment, a humane relief policy, control of the security markets, unionization of labor and collective bargaining, and the use of taxes as an instrument of social reform. This is a good and a long list, but from the vantage point of today the pattern of results is complex and confounding. The period from 1933-1945 was truthfully one of aggressive government.

The pattern of the New Deal was disclosed during the first Roosevelt term of office. The second term was largely devoted to the Supreme Court fight, the efforts to purge opposing political leadership and the handling of problems growing out of first-term legislation and the cloud arising from the impending war in Europe. The third Roosevelt term was, of course, devoted to the problems of global war and the efforts of the administration to hold the alleged social gains of previous years, particularly those of organized labor.

It is probable that the most basic of all needed reforms in this country in 1933 had to do with continued and productive employment. This nation has always been a working nation. When, during the years of 1929-30-31-32, it found itself unable to secure productive employment at any price, it became heavily discouraged. The national stage was made ready for radical changes. The New Deal Administration, when it came into power, obligated itself to carry out those changes as best it could. Unfortunately the basic need for widespread, continued, and productive employment was given only secondary consideration. Regulation of the security markets was rushed forward at a period when the markets were of little direct interest to a depression-ridden people. Social security claimed the attention of the entire Administration in spite of the fact that a third of the nation was idle or unproductive and social security legislation would be powerless to provide old age and unemployment benefits unless the labor force of the nation were productively employed.

The strengthening of the banks, the building of better credit conditions, the prevention of mortgage foreclosures, the building of homes, the construction of useful public works, the electrification of rural

areas, were all helpful in the direct and indirect creation of employment; but they were not enough. A tremendous national relief program attempted to take up the slack. But a great gap remained and the unemployed as a class showed little change in size during the first two terms of the New Deal.

The Administration attempted to bring about the provision of employment by government loans, doles, gifts, and direct governmental employment. The Administration was working through a private enterprise system, but it acted as though it had concluded that the system could no longer be expected to function properly. In this sense the New Deal was both a contradiction and a violation of the basic social and economic principles under which our government was supposed to operate.

The problems of unemployment have, in our country, developed into problems of Socialism or quasi-Socialism. The nation, in 1940, was probably about ready to revert to first principles and go back to private enterprise in respect to the provision of employment. The war prevented this trend in one way and accelerated it in another. The great requirements of war put all hands to work. That which the New Deal had been unable to do in eight years the war accomplished almost at once. This war era of full employment was directly caused by tremendous governmental expenditures. It was Uncle Sam who really "met the payroll each week" even though private enterprise served as agent and intermediary.

The New Deal of 1933-1944 preferred to carry out its initial program through the use of newly organized governmental agencies. This was probably caused by a combination of political considerations together with a desire for novelty and change. Also there may have been the feeling that new agencies would be more

aggressive and effective than the old ones. In any event there appeared, in rapid succession, the far-flung and widely extended agencies of the National Recovery Administration, the Public Works Administration, an enlarged Reconstruction Finance Corporation, a Home Owners Loan Corporation, the Securities and Exchange Commission, a Civilian Conservation Corps, the Commodity Credit Corporation, the Federal Housing Administration, the Farm Security Administration, the Agricultural Adjustment Agency, the National Labor Relations Board, the Works Progress Administration, and others of lesser magnitude, too numerous to list.

The years of World War II added tremendously to this list. The War Production Board was created; it soon had offices and satellite agencies everywhere. The great organizations of the Office of Price Administration, the War Labor Board, Petroleum Administration for War, the Office of Defense Transportation, the Office of War Information, the Office of Civilian Defense, the War Manpower Commission, and the Small War Plants Corporation all crowded into the American scene. Each and every one of these agencies, once formed, struggles to live long after the emergency which called the agency into existence, disappears.

The New Deal, top-heavy with executive power from its early years onward, actually operated the nation and its government through these quasi-governmental and quasi-party agencies far more than it did through the previously-legalized governmental subdivisions. In this sense at least, the New Deal revolutionized our government.

A glimpse at governmental finance during this period will be interesting. The great increase in governmental expenditures under the New Deal was a

development of highest importance. Deficits skyrocketed in spite of greatly increased taxation and revenues. This was true of the peace years of 1933-1940. The war years saw the public debt reach truly astronomical proportions. A great portion of this spending was done either under the personal control of President Roosevelt or under his guidance. The fable of Croesus shriveled into insignificance.

The spending pattern of the New Deal is indicated by the following table of Federal expenditures over the past thirty years. Other columns in the table show the Federal debt at the end of each of the listed fiscal years, the total Federal Government revenue and the nation's total income for the same years.

The tremendous appropriations and expenditures and the growth of the national debt made imperative the boosting of taxes. Table I (opposite) shows, however, that, in total amount collected, these taxes have lagged far behind requirements. The percentage of the national income which has been returned to the Federal Government in taxes during the period under study is shown in Table II, as well as the per-capita share of the Federal and total internal public debt. This last item includes debts of the Federal, State, and local governments.

A total federal debt of \$300,000,000,000.00 at the end of the war period is quite generally considered as inevitable. This is approximately \$2,200.00 for every man, woman, and child in the nation. During this period (1933-1945) the strength and position of the dollar have been maintained and the price levels have suffered no violent fluctuation. Considerable credit is due the Administration for this accomplishment. The present relationship between money, prices, production, and national wealth is an artificial

TABLE I

Fiscal Year Ending	Federal Expenditures	Federal Revenue	Federal Debt	National Income
1910		675,512,000	1,146,940,000	+ 28,166,000,000
1915	727,000,000	698,000,000	1,191,000,000	+ 32,533,000,000
1920	6,308,000,000	6,694,000,000	24,288,000,000	+ 69,800,000,000
1925	2,801,000,000	3,609,000,000	20,516,000,000	+ 74,800,000,000
1929	2,957,000,000	3,821,000,000	16,931,000,000	+ 83,326,000,000
1930	3,152,000,000	4,020,000,000	16,185,000,000	+ 68,858,000,000
1933	3,793,000,000	2,010,000,000	22,539,000,000	+ 42,322,000,000
1934	5,947,000,000	3,052,000,000	27,053,000,000	+ 49,455,000,000
1935	6,933,000,000	3,724,000,000	28,701,000,000	+ 51,719,000,000
1936	8,611,000,000	4,062,000,000	33,545,000,000	+ 64,924,000,000
1937	8,121,000,000	4,973,000,000	36,427,000,000	+ 71,513,000,000
1938	6,993,000,000	5,608,000,000	37,167,000,000	+ 64,200,000,000
1939	8,532,000,000	4,990,000,000	40,445,000,000	+ 70,829,000,000
1940	8,786,000,000	5,176,000,000	42,971,000,000	+ 77,574,000,000
1941	12,489,000,000	7,386,000,000	48,979,000,000	+ 96,857,000,000
1942	32,157,000,000	12,560,000,000	72,422,000,000	+ 121,568,000,000
1943	*78,182,348,641	*22,281,642,708	*136,696,090,330	+ 147,927,000,000
‡1944	93,700,000,000	44,100,000,000	201,000,000,000	
‡1945	100,400,000,000	46,500,000,000	258,700,000,000	

All figures except those noted are from Economic Almanac of the Conference Board.

\*—World Almanac of 1944—New York World Telegram.

†—Survey of Current Business Bureau of Foreign and Domestic Commerce

‡—National City Bank of New York, Bulletin September, 1945.



TABLE II

	Percent of National Income Returned to Fed. Gov.	Per Capita Share— Fed. Debt	Total Internal Gov. Debt (Nat.-State- Local)	Per Capita Share of Total Gov. Debt	Total Nat'l Wealth
1912	1.9	\$ 11.99	\$ 6,608,000,000	\$ 66.52	\$186,300,000,000
1913	..	228.06	32,044,000,000	300.76	..
1915	8.5	178.61	33,346,000,000	290.30	319,579,000,000
1920	3.7	139.50	33,691,000,000	277.23	362,948,000,000
1925	3.4	131.50	34,170,000,000	277.63	353,669,000,000
1929	4.1	179.48	42,056,000,000	334.90	292,248,000,000
1930	9.0	214.07	45,876,000,000	363.02	291,196,000,000
1934	12.0	225.55	47,673,000,000	374.64	293,281,000,000
1935	12.7	261.96	52,757,000,000	412.00	304,286,000,000
1936	13.7	282.77	55,579,000,000	431.44	315,794,000,000
1937	11.5	286.29	56,337,000,000	433.95	309,430,000,000
1938	10.7	309.03	60,071,000,000	458.99	..
1939	12.0	325.65	62,862,000,000	476.39	..
1940	11.6	367.68	68,839,000,000	516.76	..
1941	13.4	†140.68	..	..	no figures available
1942	..	‡1,008.34	*156,196,000,000	*1,157.00	..
1943	..	†1,500.00	*221,000,000,000	*1,650.00	..
1944	..	*1,900.00	*278,000,000,000	*2,044.00	..
1945	..	..	..	..	..

\*—All figures except those noted are from Economic Almanac of the Conference Board.

†—Estimated from current releases.

‡—U. S. Statistical Abstract.

§—World Almanac of 1946—New York World Telegram.

one, however, and when pressure breaks through the controls, the results may be explosive.

Many of the social reforms of the New Deal were long overdue. In many cases under the New Deal these social reforms have been tied to and have become a part of economic regulations. Such was the regulation of the securities markets and the establishment of new banking facilities and protective features for depositors in commercial banks. The government has the ultimate responsibility for the monetary system of the nation. It should keep its regulations and controls in step with the economic developments of the country. In this regard the New Deal acted promptly and forthrightly.

A system of social security, unemployment insurance, and old age pensions was another need which had long been overlooked. The industrial development of this nation had reached a condition where such social security was imperative if the economic order was to continue. The course of this commercial and industrial growth had made the individual wage-earner, to a large extent, a victim or beneficiary of circumstances over which he had little or no control. The questions of fairness in the distribution of wealth, of individual care and thrift, of industriousness, were to him secondary to the main issue which was the matter of continued or steady income. Wealth existed throughout the nation both during prosperity and hard times. The wage-earner had participated in its production, and the wage-earner in the mass was no longer able nor willing to endure periodic and spasmodic eras of unemployment nor the all too frequent hardship and penury in old age. The day is rapidly approaching when our society will freely admit the justice of, and make provision for, some reasonable living standard for all citizens, or assure them of a

decent minimum level of subsistence as far as is possible in the light of our national earnings.

Trade and industry could have eased the problems of unemployment and insecurity by the installation of an annual wage policy. It is as reasonable to invest in a year's labor supply as it is to invest in a five- or ten-years' supply of fixed assets such as land, buildings, and machinery. Employees could be taken on trial for a preliminary period before any guarantee period was to be started. Such a system of employment would do much to stabilize economic activity. Had it developed with big business, much of the current labor strife probably would have been avoided.

The labor legislation and reforms of the Roosevelt administration take first rank in importance. The New Dealers early tied their program to the organized union labor movement. They traveled together after 1933. Article 7 (for organized labor) was written into the NRA Act, the first big recovery act, in 1933, although it was obviously out of place in such legislation. The position of union labor was thus made secure from the very beginning.

The Wagner Labor Relations Act, the Walsh-Healy Act, the establishment of the National Labor Relations Board and the War Labor Board followed. These acts and the formation of these boards have been greatly buttressed by numerous pieces of secondary legislation and by a variety of executive orders on standardization of wages, hours and working conditions, non-discrimination, overtime, kick-back, and similar subjects. Labor has virtually been placed above and beyond regulation. It has been given the "keys to the kingdom." Politically, this paid great dividends to the New Deal. It likewise liberally compensated the union labor movement. The result was a some-

what permanent tie-up between the people's government and the minority bloc of organized labor.

The great extension of the definition of inter-state commerce has served to bring conditions of employment throughout the nation under the scrutiny and domination of the Federal Government. It is unlikely that this condition will change in view of the membership and political philosophy of the present Supreme Court.

The devaluation of the dollar, the cancellation of the airmail contracts, and the scuttling of the London Economic Conference early established an authoritative disregard of contractual relations which came to permeate a large portion of American political and economic life during the ensuing twelve years.

No review of the New Deal, however hasty, can overlook the controversial subject of relief. No attempt will be made herein fully to discuss the subject. Men were fed. Riots were avoided. The economic wheels of the nation continued to move slowly, it is true, but nevertheless they moved. The disappearance of CWA, FERA, SERA, WPA, CCC, NYA and other relief agencies of the New Deal, however, seems to have been accepted with considerable satisfaction throughout the country.

Any careful comparison between the productiveness of the nation under what was essentially the relief setup of 1934-1938 and the emergency war setup of 1940-1944 would be difficult if not impossible. There are too many variables. Weather itself, which the New Deal strangely did not attempt to regulate, makes great differences in the productiveness of our agricultural resources. The earlier era was one of abundance of basic commodities such as steel, rubber, tin, wheat, cotton, livestock, etc. The later era was one of growing scarcity. The lethargy of the world-

wide depression influenced one period, the flush of war the other. One quadrennium was cursed with a plethora of labor, the other with a tremendous shortage. Dimes flowed from government tills in the former period where dollars later emerged. Other variables were also present. A comparison becomes a problem of weighing these many and powerful factors.

It is reasonably correct to state, however, that a nation's productivity is closely related to its total income, barring the existence of severe inflationary or deflationary conditions. The period 1934-1938 was deflationary as compared with 1940-1944, or 1940-1944 was inflationary as compared with 1934-1938. It is doubtful, however, if capable economists or others acquainted with the money cycle would class either period as either severely deflationary or inflationary.

In the face of these comments the answer to the problem of the relative productiveness of a relief setup and a more orthodox arrangement will be obvious. In the latter period the genius of America had the opportunity to operate. In spite of crucial shortages of basic materials, despite a serious deterioration in our transportation systems, despite a shrinking labor supply due to the fact that upwards of twelve million of our finest workers were in the armed services, regardless of union labor's restrictive hand on industrial production, the annual national income for the period 1940-1944 averaged \$110,305,000,000.00 and that of the former period \$60,360,000.00 (four-year averages). In the latter period we truthfully became the arsenal of democracy and the world's pantry. The emergency of war did what the depression could not do. It gave a relatively free rein to America's enterprising spirit, its organizing ability, its mechanical and

industrial genius. This was an accomplishment of which the early Roosevelt Administration under the Hopkins guidance as relief director was incapable.

The aggressive character of the New Deal in domestic affairs, strong as it was, was surpassed by policies of the Roosevelt Administration in foreign affairs during the war years 1941-44. Global problems were attacked with a confidence and a boldness which both staggered and excited the admiration of most Americans. Our national defense program made us the arsenal of the United Nations. It fed and equipped armies in China, India, Australia, Africa, France, Brazil, and our own United States. Our global strategy planned and directed and managed a war the logistics of which and the conduct of which both dwarfed all previous military and naval operations. Our political leadership either led or accompanied a complex political liaison between Communist Russia, Laborite Australia, starved and broken China, Imperialistic Britain, a crushed France, and a conglomerate Balkan group, which held together until the great enemy, Nazi Germany, was crushed. Lend-lease, the exchange of shipping and men-of-war, the providing of planes, guns, transportation, and food wrote a chapter of achievement which no amount of concurrent bungling, extravagance, and inefficiency could erase from the pages of history.

The Whaley-Eaton Service in their *Foreign Letter* of May 8, 1945, carried a brief but powerful statement of the war achievements of the United Nations: "This is officially V-E Day. It has been paid for in priceless blood and incalculable treasure. So long as time shall run, humanity will pay its tribute to those whose sheer devotion wrought, under God, this miracle of salvation. The gratitude need not be apportioned. 'This is England's finest hour,' said Churchill, when all

seemed lost and Britain stood for one whole year alone. Then came Russia, trading space for time and writing Hitler's epitaph at Moscow and Stalingrad. And America's overwhelming power! The ages have no brighter story to tell, and none so terrible."

One of the most bitter, and perhaps most justifiable, criticisms which was hurled at the New Deal was the accusation that it fostered class antagonism throughout the United States. Mr Roosevelt and lesser leaders of the New Deal continually resorted to class or group prejudices, to the use of whipping-post tactics, in their efforts to remain in office and in power.

The international bankers, the money trust, business—particularly big business, the "defeatist lawyers," predatory interests, concentrated wealth, were scathingly attacked in an anonymous fashion that left no doubt in the minds of the voter for whom the accusations were intended. The wealthy and upper middle classes unquestionably contained all the rogues, scoundrels, and enemies of the people's progress, according to the New Deal. The laboring class and the less prosperous groups, the nation over, were the deserving ones and were entitled to all the lip service which the Administration could give.

This was an evil policy inasmuch as it created a condition which was incompatible with our democracy and form of government. There must be a national unity and an abundance of good will if our federal republic is to survive.

The heterogeneous character of the New Deal and its supporters gave the clue to this continual appeal to class consciousness. This mixed character of the New Deal has been pointed out on many occasions. The heart of the New Deal was unquestionably a liberal or reform element among northern Democrats. This group, out of expediency or for other reasons, aligned

itself with the forces of organized labor. Then came the marriage to the great political machines of New York, Chicago, New Jersey, Kansas City, St. Louis and elsewhere. These alliances brought the racial minority blocs into the picture, such as the Poles, the Jews and, most important of all, the Negroes. The traditional, old-line Democrats of the South followed along. We, therefore, found in the New Deal Party strong representations of reform, leftist liberalism, the rotten politics of the big city machines, racial minorities seeking aid and protection, the body of organized or "closed shop" labor and the "white supremacy" element of the conservative South. This mixed character of the party seemingly required appeals to class prejudice in the interests of political unity and expediency. In such appeals only the Solid South could be offended and it, as everyone knew, could never vote Republican.

Other serious evils of the New Deal period include the great build-up of a federal bureaucracy, inefficiency and even mal-administration of administrative agencies, perpetuation in power of a political clique, and the allocation of governmental power, functions, and prerogatives to forces of unionized or closed-shop labor.

A cardinal sin of the New Deal was the perpetuation in office of elected representatives whose tenure of office under our system of government had previously been constantly and healthfully changing. The idle or fallacious defense of this policy, that America needed trained hands at the helm during the critical days of 1940 and forward, ignored the obvious truth that a nation progresses through the composite character of its people and not on or through or by the genius or ability of specific individuals who happen to be in positions of power. It was not Churchill but



the British Empire which held the line through the awful days of 1939-44. It was not Eisenhower nor Patton nor Bradley nor Marshall nor Doolittle nor Spaatz who won the campaigns of North Africa, Italy, and France. It was the American Army and its allies. Had there been no Eisenhower, a Smith or a Brown or a Szukalski would have led. These truths are not detractive from the greatness of those who lead. In fact, they further glorify their accomplishments.

Our government basically, and, we believe, wisely provided for frequent change in the positions of political power. The New Deal wilfully violated that principle and used its position of power to continue in office those individuals who were thus able further to exploit that power. A principle was violated and that violation has tremendous implications.

The great increase in the national debt has already been mentioned. The management of this great debt, now approaching 300 billions, during the coming twenty-five years, presents one of the greatest single problems facing our government. The debt must be managed, financed, carried, and at least partially amortized if our present government is to endure. That tremendous debt is largely the result of World War II. Nevertheless, long before World War II was seriously considered as a probability the New Deal was piling deficit on deficit and ignoring all previously held rules of public finance upon which this country has grown.

Any discussion of spending, national income, taxes, and debt, may easily become involved and useless. It is sometimes advisable to allow the figures or statistics to speak for themselves. The arguments for deficit financing, for spending oneself into prosperity, for going into debt to raise earning power, are fanciful and alluring. Money, however, if it means anything

at all, represents wealth and wealth is man's earnings and when more is spent than is earned, or when debt becomes habitual, the red flag of danger is on the flag pole.

The purpose of taxation, according to the orthodox view, is to raise revenue. The New Deal revised this purpose. The taxing power of the federal government would be used to produce reforms in the economic system. This policy has been confusing and may be hazardous. In the first place it imperils revenue. It also establishes dangerous precedents. A judicial attempt by a group of clear-headed students of government and economics to reform business through taxation might easily, and probably would, later become a move of reprisal in the hands of "two-bit" politicians waving the flag for reelection.

Each of the twelve years between 1933 and 1945 produced greater tax loads and greater confusion in the tax field. The federal taxing power has overwhelmed the state and local powers as federal spending has engulfed the expenditures of states and localities.

The value of money had lost significance and spending had become a habit before the war era struck the Administration. The word "thrift" never had been in the New Deal vocabulary. Relief for the needy and support for a tottering economic structure were the principal reasons advanced for the heavy spending. Regardless of reason, government spending became habitual after 1933. A few isolated cases may be cited. The list could be made voluminous:

The Works Projects Administration in Los Angeles in February, 1940, against the advice and protest of the construction industry, began the construction of a viaduct which assertedly was to be finished in eighteen months at a cost of \$2,700,000.00. It was finally com-

pleted in mid-year, 1944, at a total direct cost of approximately \$5,000,000.00. Its indirect cost over a period of four years had been enormous. WPA in that same city in approximately three years spent in excess of \$168,000,000.00. The return for these expenditures was pitifully small in real results. The Greenville, North Carolina, Resettlement Housing Project, carried out as a relief and reform measure, cost several times its real value. The controversies over the cost of these and similar projects always ended with an official statement that human values were above money values.

The spending of the early New Deal years has faded into insignificance when compared with wartime expenditures. These, in 1943-1944, totaled approximately \$90,000,000,000.00. Nevertheless, a similar attitude toward money has been held during the two periods and it is well exemplified by the carrying out of the Canol Project in Canada during the years 1942-43-44 under the direction and responsibility of Lt. General Brehon Somervell who, in previous years, as a top director of WPA in New York City, spent millions for relief in that city. The Canol oil development project was carried out at an approximate total cost of \$134,000,000.00 and the Truman Committee of the U. S. Senate in its third annual report after investigating this project stated as follows:

"The Committee believes that the following conclusions are required by the evidence:

1. The Canol Project was undertaken without adequate consideration or study. The information on which General Somervell acted was deficient in the following particulars:
  - a. Inadequate technical knowledge of the probable production capacity of the Norman Wells Field.

- b. There was no study or estimate of costs, which reflect use of critical materials and manpower.
- c. The date of completion set was on its face impossible of accomplishment when examined by any experienced engineer (i.e., September, 1942).
- d. There was no consideration of possible alternative methods of obtaining the same or greater supplies of oil."

A brief report from a construction trade magazine closed the chapter on Canol.

"Down the Drain," an excerpt from the *Western Construction News* of April, 1945, read as follows: "Interesting, wasn't it, for the Army to announce abandonment of two colossal blunders in Alaska just a couple of days before income tax day? At practically the same time Senator Magnusson of Washington once more called our attention to the stupid planning and complete loss of the Alaska Highway.

Total bill—Canol project . . . . .	\$134,000,000
Alaska Highway . . . . .	139,000,000
Excursion Inlet . . . . .	17,300,000

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Down the Drain . . . . . \$290,300,000"

. . . . .

The States, under our form of government, are the sole custodians or guardians of the character of the Constitution. They alone have the legal power to amend the Constitution. It was amended twice during the period 1933-1945. Neither amendment, prohibition repeal and elimination of the lame-duck sessions, affected the intrinsic character of the basic law. Yet the very form and substance of government were radically altered during those twelve years. The alter-

ation was done by indirection, largely through executive directive and bureaucratic action.

"The essence of the legislative authority is to enact laws, or, in other words, to prescribe rules for the regulation of the society: while the execution of the laws and the employment of the common strength either for this purpose or for the common defense seems to comprise all the functions of the executive magistrate." These are the words of Alexander Hamilton taken from "The Federalist."\*

The greatest New Deal deviations from the Constitution were found in the executive branch of the government. In the important field of labor relations alone during the past twelve years the directives of the Chief Executive and his appointments have been far more powerful and regulatory than have the Acts of Congress. The power of the executive is naturally preeminent in wartime. The extent of Mr. Roosevelt's personal power, however, was tremendous in and out of war.

The power derived from personal control of great appropriations has already been mentioned. These appropriations were for relief of unemployment, for public works, for subsidies, for assistance to agriculture, for foreign loans, for defense, and for war projects the world over. Great additional power came as the result of the establishment of several new and large departments of government. Most important posts were appointive. These agencies included the Reconstruction Finance Corporation and all its branches, the Agricultural Adjustment Agency, Relief Agencies and Public Works Administration, National Labor Relations Board and, of course, during the last term, all the tremendous war agencies. The

\*THE FEDERALIST by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Page 81.

power of appointment of executive and supervisory heads for almost three million federal employees most certainly indicates that considerable influence may be wielded by the Chief Executive. It was so wielded under the New Deal. The executive branch of the government simply and wilfully overpowered the legislative and judicial branches of the federal government.

Alexis de Tocqueville in his very competent discussion of affairs in France before the French Revolution of 1787 made the following statements. These all appear in his book, "The Old Regime and the Revolution," which was written some fifty years after that violent break-up of the French State. Discussing the enlarged rights of the central government, he said:

"Let us begin with the right of levying taxes, which may be said to involve all other rights."<sup>1</sup> He continued, "Not content with aiding the peasantry in times of distress, the central government undertook to teach them the art of growing rich, by giving them good advice, and occasionally by resorting to compulsory methods."<sup>2</sup>

Still talking of this same central government, he said, "It seldom undertook, or soon abandoned projects of useful reform which demanded perseverance and energy, but it was incessantly engaged in altering the laws. Repose was never known in its domain. New rules followed each other with such bewildering rapidity that its agents never knew which to obey of the multifarious commands they received. Municipal officers complained to the comptroller-general of the extreme instability of the minor laws. "The financial

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<sup>1</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1856. Page 35.

<sup>2</sup>*Ibid.* Page 59.

regulations alone,' say they, 'vary so constantly that it would require the whole time of a municipal officer, holding office for life, to acquire a knowledge of the new regulations as they appear from time to time'.<sup>33</sup>

He went on, "Nobody expected to succeed in any enterprise unless the state helped him. Farmers, who, as a class, are generally stubborn and indocile, were led to believe that the backwardness of agriculture was due to the lack of advice and aid from the government. A letter from one of them, somewhat revolutionary in tone, inquired of the indendant 'why the government did not appoint inspectors to travel once a year through the provinces, and examine the state of agriculture throughout the kingdom? Such officers would teach farmers what to plant, what to do with their cattle, how to fatten, raise and sell them, and where to send them to market. They would, of course, be paid officials. Some honorary distinction should be conferred on successful agriculturists'.<sup>34</sup>

And a little later, "Sad reading, this: farmers begging to be reimbursed the value of lost cattle or horses; men in easy circumstances begging a loan to enable them to work their land to more advantage; manufacturers begging for monopolies to crush out competition; business men confiding their pecuniary embarrassments to the indendant, and begging for assistance or a loan. It would appear that the public funds were liable to be used in this way."<sup>35</sup> The New Deal had many aged characteristics.

No summary of the New Deal can be even partially complete without at least a brief discussion of the part played by Franklin Delano Roosevelt. Mr. Roosevelt himself came as close to being the government of the

<sup>33</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1876. Page 28.

<sup>34</sup>*Ibid.* Page 91.

<sup>35</sup>*Ibid.* Page 91.

United States as one man could be. He personified the era during which he served as Chief Executive. He was swept into leadership at a time of crisis and he never once relinquished the leadership which had been passed to him.

It is undoubtedly too early in history to determine Franklin Roosevelt's true place. He will unquestionably be accounted great on one or more grounds. The mere fact that he was the titular and actual leader of one of the most powerful nations on the face of the earth during a long period of economic and social and revolutionary crises is in itself justification for historic fame. As to whether he was a great man of powerful moral stature and definiteness of purpose, or simply a fortunate though hypocritical opportunist, only the test of time will disclose. There is ample evidence in both directions and his loyal supporters and defenders are no more sincere and positive than are those who deprecate his leadership.

The vehement support of from fifty-three to sixty-five per cent of the American electorate during the twelve Roosevelt years is in itself no claim to or proof of greatness. Both Coolidge and Hoover had similar support over a shorter period of time. The arch-enemy of civilization, Adolph Hitler, had a greater majority support from his own people during a similar period.

At least a part of Roosevelt's success lay in the fact that he was a perfect prototype for the social democrats, the people's party, and the ultra-liberals. His sentiments were high flown. They were the sentiments and the aspirations of the masses. The fact that they might be impractical, or impossible, or unconstitutional, was of little consequence. The ideal was the important thing.

Roosevelt's policies stumbled along in a forward



direction, very like the progress of man in general. Inefficiency, costliness, clumsiness, contradiction, all abounded; but the expressed aims were sounded clearly and loudly. The more abundant life was sought for all. Mr. Roosevelt personally dramatized these attitudes. He was romantic, striking, confident, egotistical, daring, and personalistic. He was the incarnation of the people's movement. With all this he had an aptitude for practical politics that excelled the abilities found in his own party as well as those within the opposition.

It was a part of Roosevelt's politics to attack generally the classes of wealth and privilege. Much of this was unfair but it was good politics. Also, it did force the accused to pause and give consideration to their stewardship of the rights and privileges which they possessed in disproportionate abundance. It is a good thing for all those who possess power and wealth regularly to answer for their stewardship. Whence come those privileges, are they deserved, is their possession becoming a restrictive vested interest, is the possessor using his wealth and privilege within a liberal as well as a strict interpretation of the law? This accusatory and questioning attitude of Roosevelt's may not have been a virtue on his part but the over-all effect, nevertheless, may have been beneficial.

The dominant character of Mr. Roosevelt's electoral support neither commends nor condemns him. His greatest majorities came from the large urban centers where the vote could be and was largely machine controlled. He was regularly supported by a majority of organized labor, of the Negro vote, of the foreign-born minority groups, of the Jewish race, and of the poor and economically disenfranchized. The professional and executive groups, the upper classes, and the upper middle classes quite gener-

ally split heavily for the opposition. Ralph Delahaye Payne, Jr., Managing Editor of *Fortune* magazine, in an address before the Union League Club of Chicago, November 16, 1944, made the following remarks regarding the Roosevelt-Dewey election of that year: "The professional and executive category split about one-third for Roosevelt, two-thirds for Dewey. Take it by economic group. Group A and Group B—prosperous and relatively prosperous—were strongly pro-Dewey. Group D, the lowest income group, and the Negro vote were strongly pro-Roosevelt, but still approximately on the one-third, two-thirds basis—this time two-thirds for Roosevelt, one-third for Dewey. The C economic group—what in Europe they call the lower middle class, which is pretty close to one-half of all the people in this country—divided approximately on the basis of the final election results; that is, a slight edge for Roosevelt." This analysis is roughly indicative of sentiment during previous years.

Mr. Roosevelt was either a supreme egotist or he was an unprincipled opportunist. We prefer to believe the former. He simply ignored the basic concepts of the constitutional government which he swore to uphold. He was a great "liberal" leader. He, nevertheless, minified and on occasions ignored Congress. He attacked and packed the Supreme Court and minor courts. He infrequently took the American people genuinely into his confidence. He ruled them and then told them so much as he considered advisable. He violated the separation of the powers of the executive, legislative, and judiciary branches of the government. He overrode the latter two. He ignored the concept of no intrenchment of personal power in the government. He led the movement in surrendering to one class, organized labor, a large segment of the powers rightfully belonging to the government. He person-

ally sponsored, initiated, or acquiesced in the greatest program of national spending which the world has ever seen. This program grew as the years passed and it reached its great fulfillment in the war years of 1942-43-44-45. The national debt today dwarfs all other national debts within the history of man. He either aroused or stimulated class consciousness and antagonism. He governed by personality and ego and he got away with it. At the moment of his death, Mr. Roosevelt had personal envoys, responsible to him only, scattered over the face of the earth. The death of the President left them stranded, their work and position largely useless. A shroud of gloom enveloped the nation as the shock of the announcement of his death wore off. Four long days of radio time were devoted to funereal music, speeches of mourning and despair, dramatization of the life, acts, and ideals of the departed leader. A tremendous effort to apotheosize him swept the land.

Some years from now we may be able fairly to evaluate this man and his leadership. At present we are uncertain. We may feel assured that basically he was a great humanitarian, a romantic leader of strong personal charm, an extraordinarily able politician. He professed great vindictiveness against "the despoilers of the people's rights." His reforms added overwhelming complexities to the social system. The great war which overtook his third term presented him with staggering possibilities. He became an ideal war leader of tremendous courage.

His wartime activities, when he had to take them up, were his greatest and surest claim to immortality. The world in 1941 literally stood on the threshold of slavery and depravity. Never once by public word or deed did the President falter in his hatred toward the enemy and his determination to extinguish this enemy.

This is the opposite of the history of Woodrow Wilson, a great peacetime President whose domestic plans were ruined by World War I. Conversely, President Wilson was unable to cope with the foreign problems arising from the war and these problems shattered his life and his career.

Roosevelt was, on the other hand, a magnificent wartime President whose peacetime terms and plans had also been stopped by war. Many of these plans would probably have been scrapped during peace, had war not intervened. His alleged ideals for domestic reform were alluring. His prosecution of those plans was producing dangerous lines of cleavage within the nation. Roosevelt accepted the challenge of war, however, as vigorously as he had accepted the challenge of the depression in 1933, and he led the nation triumphantly through the critical part of that cataclysmic struggle and started it on a road toward peace.



## CHAPTER VI

# HISTORICAL EXAMPLES OF VESTED INTERESTS AND OPPRESSIVE GOVERNMENT

### SECTION 1

*"In almost everything experience is more valuable than precept."*

—QUINTILIAN  
DE INSTITUTIONE ORATORIA,  
BOOK V., CH. 10.

Collectivism in our Western World has generally meant the assumption by groups, through political measures, of power and privilege, wealth and position. A basis for their rise to power has been the willingness of the unfortunate and the inefficient to look to the state for support. This willingness has existed throughout our history. It has been exploited throughout our history. It is being systematically exploited today.

Collectivism, however, has other causes and other sources. The above is only the groundwork from which the managers and exploiters of collectivism operate. Among these other causes the greatest are:

1. The rise of great vested political and economic interests.
2. The development of big government, much government, and expensive government.

These two are closely related. In fact, it is often difficult to determine which is primary and which is secondary. Big government creates vested political interests. Likewise vested political interests create more and more government.

Another important source of collectivism is the complexity of modern society in economic, social, and political terms. A certain amount of collectivism seems to spring naturally from simple forms of society as in primitive Africa, Australia and elsewhere. It bursts forth with violence and full spirit from within complex societies. The character of this latter development, however, is not within the purview of this book.

The pages of history are filled with the stories of the rise and fall of restrictive and harmful vested interests, replete also with the stories of the disruptions in society that follow the disintegration of those vested interests.

Ancient Rome, shortly after the opening of the Christian era, came under the rule of the vested interests of the army and the Empire's politicians. The Praetorian Guard, a century later, made and unmade Emperors and boldly dictated the foreign and domestic policies of a decaying empire. Czarist Russia for centuries prior to 1917 had been under the control of the royalty, the nobility, and the clergy. In pre-revolutionary France the vested powers of the Church and the State dominated the peasantry and the bourgeoisie until the burden of their domination became intolerable. In modern Germany the vested interests had been those of the military and the nobility which were later joined by those of the great industrialists. In Europe up until the time of Martin Luther and the Reformation, the omnipresent hand of the Roman Catholic Church, which had vested itself with great wealth and political as well as religious authority, reached into all the affairs of men and ruled their thoughts and actions. The terrible religious wars in Europe came as a result. India at the present time gives us a picture of the vested interests of both for-

eign and domestic powers. The governmental and the commercial powers of Great Britain there, are great and demanding. In addition to this the native princes sit on their thrones in India in much the same manner that the Rajah sits in oriental splendor in the howdah atop a massive and lumbering elephant, which impassively carries his imperial and pampered burden.

In England the vested interests of the nobility, the upper classes, and the great landowners have been recognized for years. They have been under continued pressure for generations and only the great pliability of British political institutions and the rational attitude of her people have served to prevent the disastrous explosions usually encountered on the break-up of such long-term vested interests. God and circumstance seem to intervene in the nick of time to cause modifications and compromises which keep the British social and political machinery moving without a disastrous breakdown.

### **ROME**

The history of Rome, the Republic and the Empire, was well documented during the years of Rome's rise, its power, its decline, and fall. That history has been carefully studied and analyzed by Western scholars for more than a thousand years and the results of such study have been made available to every high school student within our country.

The causes of the gradual decline and the eventual catastrophic fall of the Roman Empire were many and varied: The agrarian class was weakened during the years of the Empire's ascendancy. A great infiltration of slaves, mercenaries and barbarians broke up the racial unity of Rome during the first three centuries after Christ. The government under the Empire became predatory. Wealth became concentrated



within the hand of degenerate nobility and an arrogant bureaucracy. Rome's over-extended empire presented the nation with a greater perimeter than it could effectively garrison and protect against a resurgent barbarianism. Great plagues devastated the Empire at different intervals. The cost of government became unbearable. The nation broke apart under the combined impact of all these and other factors.

During the period of this decline and fall, Rome witnessed the slow, inexorable growth of an insatiable government. It likewise witnessed the rise of the vested power of the Roman military. These two great developments led the race to partial self-destruction. Such remnant strength as was left was crushed by other enemies of Rome's civilization.

An eminent English historian, H. M. D. Parker, in his concise and masterful book, "A History of the Roman World from A. D. 138 to 337," capably sums up the story of Rome's decline and imminent fall. The following brief excerpts from this book will review that calamitous period:

"The principate of Marcus Aurelius (A. D. 161 to 180) marks the beginning of the decline of the Roman Empire. The peace that had prevailed with few interruptions under the equitable rule of Antonius was succeeded by a period of incessant warfare. The northern frontier was overrun, and for the first time for three hundred years the sanctity of Italian soil was violated by German invaders. The legions returning from the Parthian war brought with them plague, that spread over the Western empire and decimated its population. Internally the State was brought to the verge of bankruptcy and, when on the death of the Emperor the government passed into the hands of his profligate son, the Principate, that curious blend of constitutional monarchy that had been founded by

Augustus and developed by his successors, came to an end, and the way was paved for the advance of military despotism."<sup>1</sup>

"In the sphere of administration the Principate of Marcus has left few signs of positive achievement, *and perhaps its most distinguishing feature is a further increase in bureaucracy.*"<sup>2</sup>

Mr. Parker wrote as follows of the period of Commodus which followed that of Marcus Aurelius:

"With this preponderance of the interests of the State began the decay of municipal and private liberty, which culminated in the fourth century in the organization of the population of the Empire in compulsory associations under the control of the imperial bureaucracy."<sup>3</sup>

The American historian, James Henry Breasted, in writing of this same general period, says in his history of the Ancient World: "Many a worthy man secretly fled from his lands to become a wandering beggar, or even to take up a life of robbery and violence. The Roman Empire had already lost, and had never been able to restore, its prosperous *farming class*. It now lost likewise the enterprising and successful *business men* of the middle class. Diocletian therefore endeavored to force these classes to continue their occupation. He enacted laws forbidding any man to forsake his lands or occupation. The societies, guilds, and unions in which the men of various occupations had long been organized were now gradually made obligatory, so that no one could follow any calling or occupation without belonging to such a society. Once

<sup>1</sup>A HISTORY OF THE ROMAN WORLD FROM A.D. 118 TO 337 by H. M. D. Parker. The Macmillan Company, 1919. Page 14.

<sup>2</sup>*Ibid.* Page 26.

<sup>3</sup>*Ibid.* Page 40.

a member he must always remain in the occupation it implied."<sup>\*</sup>

Breasted, in this history, made the following statement regarding the power and the practice of the military. "From the leaders of the barbaric soldier class, after the death of Commodus, the Roman Empire received eighty rulers in ninety years."<sup>†</sup>

Parker's history does not honor as actual emperors many of the minor claimants to the Emperor's throne. Nevertheless he, in his book, lists forty-four separate reigns in a period of two hundred years, giving an average reign of less than five years.

The historian Parker continued in his book, "The system of taxation introduced by Diocletian and developed by Constantine (A. D. 307-337) involved the grading of the population in classes, each of which was made responsible for the performance of specified services and obligations. The claims of the State were everywhere paramount. Senator no less than *colonus* had public duties imposed upon him, which took precedence over his private work and interests. The principle of voluntary service, which had been characteristic of the Principate, was converted into a compulsory system, in which the individual had only a limited choice of professions. Just as politically, personal independence was subjected to the absolute authority of the Emperor and his bureaucrats, so economic freedom was sacrificed to the over-riding claims of the State. Servitude superseded liberty as the hallmark of Roman citizenship."<sup>‡</sup>

"The reforms of Diocletian and Constantine systematized the tendencies that had been apparent in the

<sup>\*</sup>ANCIENT TIMES by James Henry Breasted. Ginn and Company, 1914. Page 680.

<sup>†</sup>*Ibid.* Page 673.

<sup>‡</sup>A HISTORY OF THE ROMAN WORLD FROM A.D. 118 to 337 by H. M. D. Parker. The Macmillan Company, 1939. Page 286.

history of the previous century. *Beneath the despotism that absorbed the military monarchy the power of the army and bureaucracy was predominant.*"\*

"During the twenty-one years of his reign Constantine enhanced the military glory of Rome and vindicated her prestige. The frontiers were secured and the provinces safeguarded from civil war and foreign invasion. Justly is he celebrated as one of the world's great generals. But although peace was maintained, most of the subjects of the Empire were neither prosperous nor happy. The evils of the third century were increased rather than diminished. The bureaucracy grew in power and also in corruption through the choice of imperial favourites for posts of responsibility. The army, more than doubled in strength and predominantly barbarian in character, continued the privileged instrument of autocracy. Besides these legacies of the past there emerged a new society, the Church, upon which the Emperor lavished the wealth of the State and bestowed special concessions. To support this gigantic machine of Empire and the extravagances of its ruler, the civil population with few exceptions was ground down by oppressive taxation and a system of compulsory service. Local prosperity was undermined and personal liberty destroyed."<sup>†</sup>

Benito Mussolini, some two thousand years later, attempted to rebuild this Roman Empire. He made the tragic mistake of modeling his nation's life after the pattern that existed in Rome during the period A. D. 137-337. He chose to imitate the wrong era and his personal ending was all too similar to the violent deaths suffered by many of his earlier predecessors.

\*A HISTORY OF THE ROMAN WORLD FROM A.D. 138 TO 337 by H. M. D. Parker, The Macmillan Company, 1939. Page 290.

†*Ibid.* Page 309.

## RUSSIA

Individual freedom and its many corollary rights are jewels which the Russian people have never been able to afford in large measure. State and military rule in Russia from the earliest years of Slavic history were supreme over the individual. He was essentially a state chattel when the state itself was little more than a tribe.

The early boyars of Russia consolidated small areas and formed the early and pioneer principalities. On one of these was developed the Duchy of Warsaw and on this or from this came the Czars and the Empire.

Incessant warfare of the most extensive sort has been the lot of all the Russians from the dawn of their history. The struggle for existence has held the race in its grip for most of the two thousand years of its existence. The splendid privileges of individual freedom were denied the Russians by the very nature of their history. Collectively they met the continuous onslaught of the Eastern barbarians, collectively they suffered and died, collectively they plodded onward in search of a goal, some goal where misery, suffering and starvation would all be a little less severe.

Strange enough, and like the Chinese and the Japanese, their numbers increased out of all proportion to their material and spiritual advancement. It is to the great benefit of our civilization that the millions of Slavic people, in the face of their desperate struggles throughout history, have developed as they have, with the humanitarianism which they have, with a passionate devotion to music, science, the arts, and love of home and country. It is not strange, it was inevitable that their present state of development be collectivist or communist as has been virtually all their preceding history. It will be the responsibility and the shame of

Western civilization if it does not understand and does not accept and use that communism for what it is, a stage of development in the history of a race that has had to fight a tremendous battle for existence throughout its lifetime.

The vested interests in Russia have changed several times throughout her history, but they all have been of similar character. In the beginning the tribal and clan leaders formed themselves into a ruling class, consolidated their positions, and united to form a semi-civilized aristocracy. Their incessant occupation was war, and war kept them in power and vested their position with a high degree of permanence.

At the time of Peter the Great, government experienced a great expansion and the ambitious Czar, in an effort to build up the power of the State, made of the land-owning gentry a governing class. This group was actually given a direct and almost a complete control of the Nation's land and manpower through the legal establishment of the system of serfdom.

The position of the gentry was further strengthened under Catherine the Great.

The Orthodox Church, during this period, was likewise elevated to the position of a vested interest in the Russian nation.

These three interests, early aristocracy, gentry, and Church, developed power and privilege as they marched together through the pages of Russia's history. They repressed the early traces of liberalism which appeared in the middle of the nineteenth century and they were successful in holding the lid on the liberals and extremists alike up until the 1917 revolution. That political explosion extinguished these three vested interests and raised in their stead the interests of the new revolutionary party. Competition

for the favored positions, since that time, has been confined to this dominant revolutionary group.

The essential character of Russia's present-day communism is much like the character of her predecessor governments. Russia, since the dawn of her history, has been essentially patriarchal. The government and its quasi-governmental agencies have been all powerful. Communal life has been customary in the villages as well as in larger political subdivisions and fields of activities.

The acceptance of serfdom, whereunder the peasant was assumed to belong to the land on which he worked, came early in the modern history of Russia. By edict in 1597 the serf became attached irrevocably to the land on which he then existed. Thereafter there was to be no migration from locality to locality or from province to province. Catherine the Great, early in her reign (some 150 years later), had great plans for peasant reform. Little was accomplished and the Empress later in her period of rule, 1762-1796, became a firm friend of the intrenched vested interests of the nobility. In 1785 she issued a Charter of the Nobles which organized them into a corporate body and granted them immunity from taxation and state service, from payment of taxes and from corporal punishment, and gave them ownership of their land and absolute power over their peasantry. "If any serf shall dare to present a petition against his master he shall be punished with the knout and transported for life to the mines of Nerchinsk." This was about the time that we were beginning to form our own Constitutional Convention.

In 1859 the population of Russia was approximately seventy-four million. Of this number some twenty-three million were bonded serfs with fewer rights than an American slave of the same period. In 1861 Alex-

under the Second wrote his law of emancipation which would supposedly liberate the twenty-three million. In theory it did. In fact it changed little. The great landed estates were supposedly broken up and sold to the serfs. It was not long before conditions were back as they had been. Manipulations of the previous landowners, added to the burden of a wide variety of taxes, soon put the newly emancipated but impoverished peasant back into the economic bondage from which he had come.

Conditions were only slightly improved at the opening of the twentieth century. Ninety-eight per cent of the people in 1914, almost all of whom were peasants, lived in squalor and in economic, political, and religious bondage. The favored two per cent was divided about as follows:

Members of the Royal family . . .	.01% of total pop.
Nobility, officials, landowners . . .	1.49% of total pop.
Clergy . . . . .	.50% of total pop.

The Czar was absolute. He headed the civil government and the Church. He had the power personally to rule and administer his states and the lands therein as he saw fit.

The English historian, Sir Bernard Pares, in his well-known "History of Russia" covered his subject as have few other Western students. The following excerpts from that sympathetic exposition of Russia's history will support the statements given above:

"All through Russian history from the very beginning there have been testimonies to the great numbers of the Slavs and the almost irresistible power which they might have if they were ever united; despotism can be built upon a passive and peaceable people better than on any other."<sup>41</sup>

<sup>41</sup>A HISTORY OF RUSSIA by Sir Bernard Pares. Alfred A. Knopf, 1944. Page 13.



"The Great Russian people was hammered out of peaceful, silent, pacific elements by constant and cruel blows from enemies on all sides, which implanted in the least intelligent of Russians an instinct of national defense and of the value of a national dictatorship. Russia lived in a state of constant war."<sup>2</sup>

In a discussion of the Tartar invasions, 1200 A. D.-1500 A. D., and the size of enemy armies, Pares wrote, "If one compares these figures with those of European armies during the same period one will see how vast and how wholesale war still was in Russia—a survival of the time when people left their moorings and invaded other countries *en masse*."<sup>3</sup>

"Mirabeau, during the expropriation of Church lands in the French Revolution, uttered a phrase which is applicable to other epochs: 'Let us create,' he said, 'the army of the vested interests of the Revolution!' Peter the Great (1682-1725) had made a revolution, and he had formed his army of vested interests, a new governing class, taken from anywhere and everywhere, with promotion according to service."<sup>4</sup>

"He had turned the whole class of serving gentry into a governing caste. On the plea of state service, he had almost emancipated this class from taxation; and he had laid it as an unbearable weight on the producing forces of the country. He had, moreover, incorporated and legalized its predominance in a vast network of new institutions in which, by the collegiate principle, there were often five or more persons to do work which might have been done by one."<sup>5</sup>

"This process was completed in 1762, exactly on

<sup>2</sup>2A HISTORY OF RUSSIA by Sir Bernard Pares. Alfred A. Knopf, 1944. Page 113.

<sup>3</sup>*Ibid.* Page 115.

<sup>4</sup>*Ibid.* Page 216.

<sup>5</sup>*Ibid.* Page 217.

the eve of Catherine's accession, by the edict of Peter III, which formally released the gentry from the obligations of state service. This, of itself, established a paradoxical position. Those claims of the State which had induced it to give the gentry increasing authority over the peasants, had disappeared; on the other hand this authority was now hereditary and the rights which it carried, so far from being withdrawn or even diminished, were made more and more absolute. It is, then, at this point that the State itself for the first time treated the peasant as the personal property of his master. Now it was the gentry class that had carried Catherine to power. With the exception of the merchants, who had certain privileges, the gentry had a monopoly of civil rights in the country. For Catherine, a foreign adventuress, it was practically impossible to quarrel with them."<sup>6</sup>

"The vested rights of the gentry were too strong to be touched."<sup>7</sup>

"The gentry (under Catherine) could escape state service or enter it under privileged conditions; they retained their exemption from personal taxation; they obtained exemption from corporal punishment; they could not lose their rank, estates or life except by judgment of their peers, and in the case of deprivation of rank the sentence had to be confirmed by the sovereign. Only hereditary gentry could own serf villages; they were relieved of all the restrictions imposed by Peter on the sale or exploitation of their estates, which could not be confiscated out of the family; they were still responsible for the care of their serfs. The gentry were ordered to choose district marshals of

<sup>6</sup>A HISTORY OF RUSSIA by Sir Bernard Pares. Alfred A. Knopf, 1944. Page 239.

<sup>7</sup>Ibid, Page 244.

their class (1766). In 1775 they were locally organized with provincial and district marshals, and assemblies of deputies which met every three years."<sup>8</sup>

In the middle of the nineteenth century, Russia had the beginnings of Western Liberalism. The beginnings died early. There was insufficient soil in which they could take root. In their stead there developed the roots of present-day Socialism, Communism, Totalitarianism.

Pares stated, later in his book, "The bomb that killed Alexander, March 1881, put an end to the faint beginnings of Russian constitutionalism."<sup>9</sup> This desperate act of a revolutionary assassin caused even the most liberal of Russia's vested interests to adopt a policy of reactionary state surveillance and control.

On State ownership Pares commented, "Russia now (about 1890) added to her railway mileage more rapidly than any other country in Europe; and, though new private companies continued to be formed, the proportion of state-owned railways was continually increased by new constructions and the purchase of private lines."<sup>10</sup>

The above indicates an early appearance in Russia of state ownership of modern industrial facilities. Of this same period Pares wrote that "In spite of opposition, Witte (Minister of Finance) also carried through a state monopoly of vodka. Russian policy had so far fluctuated between the systems of monopoly, of farming out, and of excise."<sup>11</sup>

The movement for liberal reform would not die, however, and Pares reported, "The Zemstvo Confer-

<sup>8</sup>A HISTORY OF RUSSIA by Sir Bernard Pares. Alfred A. Knopf, 1944. Page 247.

<sup>9</sup>Ibid, Page 317.

<sup>10</sup>Ibid, Page 397.

ence of November 1904 unanimously asked for freedom of person, of conscience, of speech, of meeting, of press, of association, for equal civil rights for all independent of distinctions of class, nationality or religion, for elective local government not based on any system of classes, for a wider Zemstvo franchise, for freedom of education, and in particular set out the reforms required for the peasants and the factory workers."<sup>11</sup>

"The Emperor, after consultation with Finance Minister Witte and others, issued two pronouncements together. In one he called on the Zemstvo men to mind their own business and not to discuss political questions; in the other, he expressed his own intention of granting reforms, which were to be drafted in the various Ministries; the request for a national assembly was not granted."<sup>12</sup>

The continual rebuffs to the pleas for reform, coupled with the disasters of the First World War (1914-1917), caused the explosion of 1917 and the appearance of Lenin and the Bolsheviks as the rulers of Russia. Pares commented on the early days of the Bolshevik victory.

"Above all, ruthless terrorism was applied wherever the Bolshevik arm reached. Large numbers of officers had been killed from the very outset of the Bolshevik movement; and when Oritsky, the director of the Bolshevik police, was assassinated and a Socialist Revolutionary, Dora Kaplan, lodged a bullet in Lenin himself (August 30, 1918), whole massacres were immediately conducted in the prisons. Thus the ordinary system of justice with trained judges and a regular procedure was superseded by a code in which the first

<sup>11</sup>A HISTORY OF RUSSIA by Sir Bernard Pares. Alfred A. Knopf, 1944. Page 398.

<sup>12</sup>*Ibid.* Page 429.

<sup>13</sup>*Ibid.* Page 436.

of crimes was opposition in deed, word, or thought to Communism or to the Communist rulers. The peasantry at first kept up a series of local risings, which were with difficulty crushed by the most ruthless measures. Their conspirative experience in the past enabled the Bolsheviks by a system of universal espionage, especially in the factories and in the army, to anticipate any movement against them. Free use was also made of a system of hostages. As such perished two of Russia's finest generals, Ruzsky and Radko Dmitriev.<sup>14</sup>

This terrorism and repression has been continued to the present day. It is a natural development of previous Russian systems of control, banishment to Siberia and rapid imposition of the death penalty. The denial of the widespread existence of such terrorism and repression indicates either rank hypocrisy or clumsy ignorance. Many men of honor and integrity have escaped for a period long enough to expose Russian police methods. One of the most recent statements to appear in English is Alexander Barmine's story of "One Who Survived. The Life Story of a Russian Under the Soviets." *Time* magazine's book reviewer in the issue of August 6, 1945, says, in part, concerning this work:

"Like the NKVD, U. S. readers would do well to ponder this political autobiography. It is important as history, supplying much material the world never knew or has already forgotten about Russia's internal and external affairs from 1936 to 1939. (Barmine points out that the Purge, and Soviet charges that most of Russia's general staff and high diplomats had committed treason with Germany, was one reason why Britain and France did not push harder for a Russian

<sup>14</sup>A HISTORY OF RUSSIA by Sir Bernard Pares. Alfred A. Knopf, 1944. Page 482.

alliance in 1939.) The book is important as a record of the mechanics of the change whereby socialist states are transformed into police states. It is important as a moral and political indictment of Europe's and Asia's No. 1 power. And it is a readable story of escape and survival from a police network whose agents are kept almost as busy abroad as they are in Omsk and Tomsk."

Sir Bernard Pares says, regarding Communism at work: "Already in the early months of 1921, fully appreciating the critical character of his situation, Lenin, who alone in the Party had authority equal to such a strain, carried through the so-called New Economic Policy (NEP), or economic retreat, which attempted to retain Communism as the principle of government while shelving it as far as was necessary in practice. He retained, it is true, three 'dominating heights': the monopoly of political power, of the press, and of foreign trade. State trusts had already replaced the mass management of factories."<sup>1</sup>

### RUSSIAN OBJECTIVES

Three continuing and important phases of Russian foreign policy have been:

1. Eastward expansion toward the Pacific.
2. Persistent struggle for warm water outlets in the Baltic and in South Europe.
3. Pan-Slavism.

Continual warfare, together with difficult internal problems, for centuries prevented the last two of these movements even while the first was going steadily ahead. Nevertheless, no modern Russian ruler or government has ever forgotten any of the three.

<sup>1</sup> *A HISTORY OF RUSSIA* by Sir Bernard Pares. Alfred A. Knopf, 1944. Page 497.

A recent report made public in the *New York Times*, May 22, 1945, and other newspapers and magazines some days later, clearly describes the moves toward Pan-Slavism in the Balkans and explains the methods of Communistic Totalitarianism in this respect. Neither individual freedom nor free democratic expression plays much of a part. It is another case of an all-powerful governmental or political party enforcing its will on a helpless majority. The excuse of course is that the organized minority knows how to govern and understands the real needs of the people. The article speaks for itself. It was dated Istanbul, May 22.

"... Developments in the Balkan countries point to the existence of a plan carefully preconceived and systematically applied to establish a Communist regime or one like it in every country in the peninsula.

"The principle seems to be that a political organization, however small the number of its original members, can, if it possesses determined, well-disciplined and 'dynamic' elements, easily acquire political ascendancy and finally impose its will on a country.

"The first step is to get hold of such key positions as the Minister of Justice and the Interior with the control of the police and gendarmerie; the second is to exterminate political opponents and to break up kindred parties which might become rivals.

"When the process is completed the strength of the party seizing power is increased by the adhesion of people who are prompted to join by fear or opportunism, and thus it has a following of about twenty-five to thirty per cent of the electorate, a figure considered sufficient for wielding political control. This technique is now being applied in the Balkans." The article gave in detail the story of recent developments in Bulgaria and Yugoslavia (now both staunchly

Communist) but the statement above gives the gist of the matter.

It is obvious from the foregoing that the old vested interests of Russia's nobility, gentry, and the Church have given way to the vested interests of a political party which now governs Russia with an iron hand and an inflexible will.

### **NEGRO SLAVERY**

The vested interests of slavery in the pre-Civil War South came to a most tragic conclusion. Slavery, prior to the formation of the Union, was an accepted part of the life of the nation. During the formation of the Union there were, however, many leaders and thinkers, North and South, who were beginning to understand slavery for what it had actually come to be, namely, a moral, social, and economic problem. The problem, however, was evaded. Nothing was done. A slave, in the Constitutional Convention, was considered as three-fifths of a person but no number of slaves, however large, ever added up to one single free human being.

Events moved swiftly on the slavery issue thereafter. The Southern states literally and hurriedly vested the institution of slavery with political, social, and religious values. The poor economic aspects of the system were ignored or overlooked. As the institution of slavery was placed more and more on the defensive by the nation's development, the more determined and the more militant the South became in its protection and continuance. Suggestions for peaceable and equitable freeing of the slaves were lost in the frenzy of passion and prejudice.

The economic advancement of the South slowed to a walk. The position of the large land owners and



slave holders, it is true, became more comfortable, more set, and the land owners became more positive of the virtues of slavery. Social life, economic life, military life, religious life, and educational life all revolved about this institution of involuntary servitude. The slave owners' interests were vested with power, wealth, perquisites, and apparently with permanence. Meanwhile the modern world was moving onward away from slavery.

The South continued to put its earnings back into slavery, much of it into the actual purchase or raising of additional slaves. The North reinvested its earnings in factories, machinery, improvements, and free industry. The South clung to slavery and was actually fearful of any prospective presence of several million freed negroes. The North meanwhile was accepting European immigrants by the millions and giving them opportunities to develop and enrich both themselves and their new motherland.

The historian, W. E. Woodward, stated in his "New American History" that the James Bruce estate in Virginia about the year 1855, amounting to some four million dollars, was reputedly the largest in the South. There were few additional estates even approaching this in size. John Jacob Astor at about the same time left an estate in New York which was valued at twenty million dollars.\* There were several more in the North of similar magnitude. Yet the South was the older section of the nation, the best and longest established, and the home of most of such aristocracy as the country possessed. This is cited only to indicate the relative wealth of the South and the North.

Hinton Rowan Helper in his book "The Impending Crisis of the South" published in the decade before the

\*A NEW AMERICAN HISTORY by W. E. Woodward. The Literary Guild, Inc., 1937. Page 496.

Civil War, stated that the hay crop alone in the free states in 1850 exceeded in value all the cotton grown in the South. He stated further that Northern manufactures were worth nine times as much as all Southern crops in that year (1850), *i.e.*, the crops of cotton, tobacco, corn, rice, and sugar cane.\* Two-thirds of the banking capital was in the North and East. By comparison the slave system did not pay; it was not profitable. The South could not prosper equally with the North as long as the institution of slavery existed.

The vested interests of slavery, however, were blinded by prejudice and privilege. The South had started out in 1787 in a position of dominance in national affairs. This domination was carried along and was accompanied by an insatiate craving among leaders of the South for its continuation. The South came to feel that it was best endowed by God and man to lead the nation in its national government. Extremists in the North by their antagonistic attitude added fuel to the flames of this ambition. The whip-saw of political changes prevented any great imbalance in government until, under President Buchanan, the pro-slavery parties of the nation gained control of all three branches of the Federal Government. This imbalance, with the resulting display of antagonisms, precipitated the Civil War.

At the opening of the Civil War we had a population of some thirty-one million five hundred thousand. Some eight million seven hundred thousand of these people, including between three million six hundred thousand and four million slaves, lived in the eleven Southern states. The direct money cost of the Civil War was some four to five billion dollars. Approximately seven hundred thousand Northern

\*A NEW AMERICAN HISTORY by W. E. Woodward. The Literary Guild, Inc., 1937. Page 491.

and Southern soldiers died as a result of the war. The South itself was left in a state of desolation. Since then the South has spent seventy-five years in recovery and yet the conditions which prevail in much of the deep South today are far from exemplary. The slaves were freed and rushed into a citizenship for which they were in no way prepared. The Negro problem has been, and continues to be, one of the major national problems and one for which no person has a complete and satisfactory or even reasonably satisfactory answer. At a price of five hundred dollars per slave (which in 1860 was considered a reasonable average) the Negroes could have been equitably and peacefully freed at a fraction of the direct money cost of the Civil War. They might possibly have been gradually placed into full citizenship with great benefit to themselves and the nation. No such solution was sought. The vested interests of slavery were the most blind and the most ruinous with which our nation had struggled up to the twentieth century. The results were tragic and the full bill has not yet been paid.

## CHAPTER VII

# HISTORICAL EXAMPLES OF VESTED INTERESTS AND OPPRESSIVE GOVERNMENT

### SECTION 2

*"Nothing appears more surprising to those who consider human affairs with a philosophical eye, than the easiness with which the many are governed by the few."*

—DAVID HUME, "ESSAYS:  
FIRST PRINCIPLES OF GOVERNMENT"

### FRANCE

There was "big" government, dominating and domineering government, in the pre-Revolutionary France of 1789. There were also great and prominent vested interests, particularly those of the nobility and the clergy. Charles Downer Hazen in his "Modern European History," in discussing the meeting of the States-General in 1789, said of the three estates attending,

"Each of the three orders had elected its own members. At the same time the voters, and the vote was nearly universal, were asked to draw up a formal statement of their grievances and of the reforms they favored. Fifty or sixty thousand of these *cahiers* (or statements) have come down to us and present a vivid and instructive criticism of the Old Regime, and a statement of the wishes of each order. On certain points there was practical unanimity on the part of clergy, nobles and commoners. All ascribed the ills from which the country suffered to arbitrary, uncontrolled government, all talked of the necessity of confining the government within just limits by estab-

lishing a *constitution* which should define the rights of the king and of the people, and which should henceforth be binding upon all.”\*

Alexis de Tocqueville in his book “The Old Regime and the Revolution,” discussed some of the phases of multiple and extensive government in France as of 1780. He discussed the “pays d’etats,” the “pays d’élection,” court districts, and city charters.

He then continued, “These are old ruined authorities. Among them, however, is found an institution either new or largely transformed, which remains to be described. In the heart of the kingdom, and close to the monarch, an administrative body of singular power has lately grown up and absorbed all minor powers. That is the Royal Council.”†

A few lines later he continued, “As the national administration was in the hands of a single body, nearly the whole executive direction of home affairs was in like manner intrusted to a single agent, the comptroller-general . . . The substantial government was in the hands of the intendant.

“That functionary was not of noble extraction. He was invariably a stranger to the province, a young man with his fortune to make. He obtained his office neither by purchase, election, nor inheritance; he was selected by the government from among the inferior members of the Council of State, and held his office during good behavior. While in his province, he represented that body, and was hence styled in office dialect the absent commissioner (*commissaire départi*). His powers were scarcely less than those of the council itself, though his decisions were subject to appeal.”‡

\*MODERN EUROPEAN HISTORY by Charles Downer Hazen, Henry Holt & Company, 1917. Page 69.

†THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1816. Page 52.

‡*Ibid.* Pages 52 and 53.

And again he continued, "Let me tell you that this kingdom of France is governed by thirty intendants. You have neither Parliament, nor estates, nor governors; nothing but thirty masters of requests, on whom, so far as the provinces are concerned, welfare or misery, plenty or want, entirely depend."<sup>1</sup>

The investiture of these governmental officials with power, rank and permanence is indicated by the following statement of de Tocqueville: "Government officials, none of whom were of noble descent, already formed a class apart, with feelings, traditions, virtues, and notions of honor and dignity all their own. They constituted the aristocracy of the new society, ready to take their rank as soon as the Revolution had cleared the way."<sup>2</sup>

"The offices of the old regime were not always like ours, but I think they were more numerous; there was no end to the small ones. Between 1693 and 1709 alone, it has been calculated that forty thousand were created, all within reach of the most slender commoner."<sup>3</sup>

Hazen in his history made the following statements regarding the number and importance of the various classes of privileged subjects. His first comments concern the tax load imposed by the state. "It has been estimated that the state took from the middle classes, and from the workingmen and peasants, half their annual earnings in the form of these direct taxes.

"There was another branch of the system of taxation which was oppressive and offensive for other reasons. There were certain indirect taxes which were collected, not by state officials, but by private individ-

<sup>1</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1856. Page 54.

<sup>2</sup>Ibid. Page 86.

<sup>3</sup>Ibid. Page 117.

uals or companies, the farmers of taxes, as they were called, who paid a lump sum to the state and then themselves collected the taxes, seeking of course to extract as much as possible from the people."<sup>1</sup>

He then continued, "Of the 25,000,000 of Frenchmen (about 1790) the clergy numbered about 130,000, the nobility 140,000, while possibly about as many bourgeois as those two combined enjoyed privileges that separated them from the mass of their class. Thus the privileged as a whole numbered less than 600,000, while the unprivileged numbered well over 24,000,000. One man in forty therefore belonged to the favored minority whose lot was differentiated from that of their fellowmen by artificial advantages and distinctions."<sup>2</sup>

"Belonging to this (the Third) Estate but beneath the bourgeoisie were the artisans—perhaps two million and a half, living in the towns and cities. They were a comparatively small class because the industrial life of France was not yet highly developed. They were generally organized in guilds which had their rules and privileges that gave rise to bickerings galore and that were generally condemned as preventing the free and full expansion of industry and as artificially restricting the right to work."<sup>3</sup>

De Tocqueville continued: "Now consider the immense influence which the government had long exercised in France, the multitude of interests which it affected, the vast number of affairs which depended on it for support or aid; bear in mind that private individuals relied more on it than on themselves to secure the success of their own business, to develop their industry, to insure their means of subsistence, to make

<sup>1</sup>MODERN EUROPEAN HISTORY by Charles Downer Hazen. Henry Holt & Company, 1917. Page 39.

<sup>2</sup>*Ibid.*, Page 41.

<sup>3</sup>*Ibid.*, Page 47.

and mend their roads, to preserve the peace among them, and to guarantee their well-being; and then calculate how many individuals must have been personal sufferers by its disorder."<sup>\*</sup>

With reference to the vested interests and privileged position of the Church and the Clergy, Hazen wrote as follows: "The clergy of the Roman Catholic Church formed the first order in the state. It was rich and powerful. It owned probably a fifth of the land of France. This land yielded a large revenue, and, in addition, the clergy exacted tithes on all the agricultural products of the realm. This was in reality a form of national taxation, with this difference from the other forms, that the proceeds went, not to the nation, but to the Church. The Church had still another source of income, the dues which it exacted as feudal landlord from those to whom it stood in that relation. The total income of this corporation was approximately \$100,000,000 of our money. Out of this it was the duty of the Church to maintain religious edifices and services, to support many hospitals and schools, to relieve personal distress by charity, for there was no such thing in France as organized poor relief by the state or municipality.

"Thus the Church was a state within the state, performing several functions which in most modern societies are performed by the secular authority. This rich corporation was relieved from taxation. Although from time to time it paid certain lump sums to the national treasury, these were far smaller than they would have been had the Church been taxed on its property and on its income in the same proportion as were the commoners."<sup>†</sup>

<sup>\*</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper & Brothers, 1856. Page 239.

<sup>†</sup>MODERN EUROPEAN HISTORY by Charles Downer Hazen. Henry Holt and Company, 1917. Page 41.



The attitude of the Revolutionists toward the Church and the Clergy is well described by the two following paragraphs from de Tocqueville:

"Christianity was hated by these philosophers (of the Revolution) less as a religious doctrine than as a political institution; not because the priests assumed to regulate the concerns of the other world, but because they were landlords, seigniors, tithe-holders, administrators in this; not because the Church could not find a place in the new society which was being established, but because she then occupied the place of honor, privilege, and might in the society which was to be overthrown."<sup>1</sup>

"The Church was, moreover, the first of all political bodies, and the most odious, though not the most oppressive. It had become a political body in defiance of its vocation and its nature; it shielded vice in high places, while it censored it among the people; it threw its sacred mantle over existing institutions, and seemed to demand for them the immortality it expected for itself. Attacks upon such a body were sure of public sympathy."<sup>2</sup>

A brief summation of the dynamism of the French Revolution is given in his following paragraphs and is of particular interest to students of today who see and have seen the dynamism of Totalitarianism sweeping the civilized world.

"By seeming to tend rather to the regeneration of the human race than to the reform of France alone, it (the Revolution) roused passions such as the most violent political revolutions had been incapable of awakening. It inspired proselytism, and gave birth to propagandism; and hence assumed that quasi relig-

<sup>1</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville. Harper and Brothers, 1816. Page 19.

<sup>2</sup>Ibid. Page 185.

ious character which so terrified those who saw it, or, rather, became a sort of new religion, imperfect, it is true, without God, worship, or future life, but still able, like Islamism, to cover the earth with its soldiers, its apostles, and its martyrs."<sup>1</sup>

### **BIRTH OF MILITANT COMMUNISM**

"When the French Revolution overthrew civil and religious laws together, the human mind lost its balance. Men knew not where to stop or what measure to observe. There arose a new order of revolutionists, whose boldness was madness, who shrank from no novelty, knew no scruples, listened to no argument or objection. And it must not be imagined that this new species of beings was the spontaneous and ephemeral offspring of circumstances, destined to perish when they passed away; it has given birth to a race which has spread and propagated throughout the civilized world, preserving a uniform physiognomy, uniform passions, a uniform character. We found it in existence at our birth; it is still before us."<sup>2</sup>

Let us take a brief glimpse of a later critical period of French history. The important vested interests of the France of 1939 (one hundred and fifty years later) had become morally, spiritually and physically insolvent. They had degenerated to such a state that as the dark days of 1939 and 1940 descended, these interests were crushed through their own ineptness, treason, and voluntary surrender.

This tragic deterioration of France and her subsequent submission to tyranny in 1940 can only be explained by history. France had long been a liberty-loving and individualistic country. It is the tendency

<sup>1</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Tocqueville, Harper and Brothers, 1856, Page 27.

<sup>2</sup>Ibid., Page 191.

of such nations, and our own is numbered among them, tolerantly to allow errors to correct themselves, to allow the free flow of life to work out its problems through the passage of time and in a peaceful manner.

This tolerance, which is a concomitant of freedom, carries its own dangers. The character of truth is sometimes difficult to identify. In fact, misrepresentation is often and successfully used as the truth. It is particularly easy for politicians to misrepresent inasmuch as the costs of misrepresentation in their cases, are usually paid by the hundreds and thousands of ordinary and victimized people at some later date. The politicians of France had practiced such misrepresentation for decades but at no time to a greater extent than during the period of 1920 to 1940. The people of France, as a result, knew not what to believe about French security, Germany's intentions, international relations, or proposed and needed social reforms. The vested interests of government, of finance and big business, of the military, of the radical press and of the newly formed groups of the extreme left, all in turn experienced a flush of false prosperity during this era of deceit. Some citizens like Herriot, Briand and Barthou attempted to speak in honesty to the people but their voices were drowned in death, assassination, or removal. The people were tired after their agonies of World War I; they were caught in the chaotic confusion of a post war period. Truth and falsehood were fed to them in identical wrappings. Uncertainty was general. The leaders and those who followed, alike, stumbled into the quicksands of disaster in 1939-40.

The vested interests of France, the "two hundred families" and the regents of the Bank of France, the radical press, the vested interests of politics, all fed on the freedom and the individualism of the nation,

fattened on its decadence and defied reform and realignment. From the time of Hitler's accession to power in Germany until the debacle of May and June in 1940 France had no national will. Selfishness and indecision reigned throughout the Republic. Faces in the political arena appeared and disappeared with irregular rapidity. It seemed, however, that death alone removed them permanently from the scene. There was a general premonition that something was wrong but remedial action was impossible from those established in positions of power.

Whereas the vested interests of Nazi Germany were energetic and brutal, those of France were decadent and aimless. Marshall Petain, in a blundering sort of way, saw this as he made futile efforts to bring about a rebirth of the nation after its surrender to Germany. But Petain was too late and too old and his vision was clouded with error. His conscience, like that of France, was muddled by the long years of obeisance to the vested interests which had ruled his homeland during his own long lifetime. Among these vested interests none was more conspicuous than the one made up by his own profession, the military caste or officers' clique of the French army.

Over one hundred years ago France had been bled thin by her own Revolution and the Napoleonic era. The civil strife of the following half century continued to weaken her and to sap the moral and physical fibre of the nation. She was weakened to the extent that she fell an easy victim to a resurgent Germany in 1870, and would have fallen again in 1914 had it not been for Britain and later the United States, and she actually did fall with a crash under the third terrific blow in 1940. However, the rebirth of France is possibly arriving. The nation has gone through the fire

and agony of servitude. It has suffered impoverishment and bitter ignominy. It may be recarning its freedom.

. . .  
MEXICO

Mexican history provides us with another unusual example of the rise and fall of a powerful and important vested interest. The Roman Catholic Church represented such an interest during the Colonial period beginning with Cortez' conquest of Mexico in 1521. The perpetuation of its power extended to the issuance of the 1917 Constitution, or a span of some three hundred and ninety-six years. This wealthy vested interest, strange as it may seem in retrospect, followed a previous and similar vested interest in Mexico which interest was also religious in character. The Aztec priesthood, at the time of Montezuma and the appearance of Cortez, walked side by side with the political and military leaders. In fact the religious influence and element was inextricably interwoven into the governmental and military pattern. In all tribal and national acts the priests of Tenochtitlan took prominent part, enjoyed high privileges and wielded great power. The substitution of the new Catholic priesthood for the one which had been destroyed seemed to be but a normal and simple development.

The representatives of the Roman Catholic Church entered Mexico alongside and equal with Cortez' soldiers. After the conquest of Mexico City, the priests, friars, and clergy of all kinds moved out into the New Spain with or ahead of the military. This clergy soon came to have great power.

At the time of Hidalgo's "grito" of independence at midnight of September 16, 1810, the Roman Cath-

olic Church owned or had control over about one half of Mexico's productive lands. The people paid taxes direct to the government for the support of the Church. The Church had become a great commercial institution as well as a religious one. The State itself paid high salaries to many high Church officials. Bishops and other important clerics held prominent offices in the State. The Church was charged with the conduct and management of all education. Such health service as existed was operated and controlled by the various Church orders. The clergy was exempt from the civil authorities. The Church had become by far the most powerful influence or organization in the country. Lucas Alamán in his "History of Mexico" stated that the clergy dominated the colonial era economically and politically. From a religious viewpoint their monopoly was complete; it is conservatively held that Mexico even today is at least 95% Roman Catholic.

Henry Barnford Parkes in his "History of Mexico" stated that the Church's doctrine was one of ritual and legend and almost unrecognizable as Catholicism in Europe. Its ideals or those of many of the clergy consisted of a despotic government, a privileged priesthood, and an ignorant laity. Members of the clergy were known to have gone so far during the nineteenth century as to instigate civil wars to perpetuate these ideals. The domination of the Church helped to continue a condition of poverty and peonage which blanketed the Republic.

The original struggle for independence and the break away from Spain was in no way a revolt against the Church. In fact many prominent churchmen supported the struggle for freedom. Hidalgo himself was a priest and it must be agreed that his motives were of the highest when he led the war for independ-

ence. The great Church itself, however, was powerful and rich. It at that time reported to and was responsible to the King of Spain. The Spanish government itself wished to curb the expanded power of its own ward and offspring. Mexico's independence removed this threat to the position of the Mexican clergy. They thereafter would report direct to the distant Holy See. Mexico, in a religious sense, was theirs without interference from Madrid.

The new nation itself early in the nineteenth century proclaimed the Roman Catholic religion the state and only religion. The Church, with Mexican independence, lost none of its previous powers, wealth, or immunities. In all of these it dominated the weak and impoverished government of the new Mexico more than it had ever dominated the Viceroy of Spain and the home government. It was not until the appearance of Benito Juarez that the Church was forced to begin to relinquish its privileges and even then the relinquishment of wealth and power was slow and unimportant. The great property holdings were attacked and the tremendous loans of the Church were in many cases invalidated. This was the beginning of reform but real success awaited a later day. By various means the Church reestablished title to its great properties and reinstated many of the big loans throughout the country. The country's educational system was still entirely within the grasp of the clergy.

The long revolutionary period between 1912 and 1923, some fifty years later, actually accomplished many of the aims of Juarez and his fellow liberals. The struggles and sufferings of the Mexican people and their leaders at last produced a government which had many characteristics of honesty, strength, and independence. Since then the work of Francisco Madero, Plutarco Calles, Lazaro Cardinez, Manuel

Obregon, and others has brought results. Mexico today has a public school system which is growing in importance. The nation is developing economically. The great land holdings are partially broken. The grip of the Church on the life, property, and worship of individuals is less firm and more enlightened than it has previously been. Even the Church in Mexico is learning that its own real strength and worthiness will increase with an enlightened and prosperous people. Evidence of this is the fact that there is no more powerful Catholic community in the world than the one which exists within the borders of Mexico's northern neighbor, the Protestant United States.

. . .  
GERMANY

The strongly vested interests of modern Germany afford an example of efficiency, perseverance, and brutish selfishness which has been unmatched in the world's history. These vested interests have been those of the state, the military and, within the past fifty years, the powerful industrial magnates. These interests, inside a nation which never exceeded ninety million inhabitants and which was rather poorly endowed by nature, combined in a movement for power and expansion and almost won domination over the world in World War II.

Alexis de Tocqueville in his study of pre-Revolutionary France as set forth in his book, "The Old Regime and the Revolution," makes the following statement regarding the Germany of that time.

"At the close of the eighteenth century there was hardly any part of Germany in which serfdom was completely abolished. Generally speaking, peasants still formed part of the stock on lands, as they had done during the Middle Ages. Nearly all the soldiers



in the armies of Maria Theresa and Frederick (the Great) were absolute serfs."<sup>\*</sup>

This condition indicated, as did a similar condition of serfdom in Russia, that the nobility and ruling classes made up the principal vested interests of that time in Germany. From those interests grew the Hohenzollern dynasty and the great state organization of later years. The military hierarchy grew out of a condition which the historian Hazen quoted Mirabeau as describing, "Mirabeau was quite correct when he said that the great national industry of Prussia was war."<sup>†</sup>

Thorstein Veblen in his treatise, "The Dynastic State," written in 1915, in a discussion of the history of modern Germany and the industrialization thereof, makes the following statements:

"By wise management on the part of the dynastic statesmen who have had the direction of policy and the control of the administrative machinery, the rapidly increasing material efficiency of the German community, due to the introduction of the modern state of the industrial arts, has successfully been turned to the use of the state, in a degree not approached elsewhere in Western Europe; so that in effect the community stands to the Hohenzollern state somewhat in the relation of a dynastic estate, a quasi-manorial demesne or domain, to be administered for dynastic ends, very much after the fashion of the cameralistic administration of fiscal affairs in the territorial states of Germany a hundred years ago. This subservience of the community to dynastic ends and dynastic management has been

<sup>\*</sup>THE OLD REGIME AND THE REVOLUTION by Alexis de Toqueville. Harper and Brothers, 1816. Page 10.

<sup>†</sup>MODERN EUROPEAN HISTORY by Charles Downer Hazen. Henry Holt & Company, 1917. Page 11.

secured in the gross by a policy of warlike aggression, and in detail by a system of bureaucratic surveillance and unremitting interference in the private life of subjects. It goes without saying that there is no secure ground for such a scheme of dynastic usufruct and control except in the loyal support of popular sentiment; and it likewise goes without saying that such a state of popular sentiment can be maintained only by unremitting habituation, discipline sagaciously and relentlessly directed to this end. More particularly must the course of habituation to this end be persistent and unwavering if it is to hold the personal allegiance of a body of subjects exposed to the disintegrating discipline of modern life; where the machine industry constantly enforces the futility of personal force and prerogative in the face of wide-sweeping inanimate agencies and mechanical process, and where the ubiquitous haggling of the price system constantly teaches that every man is his own keeper. It is a matter of common notoriety that all this has been taken care of with unexampled thoroughness and effect under the Prussian rule.

"Chief of the agencies that have kept the submissive allegiance of the German people to the state intact is, of course, successful warfare, seconded by the disciplinary effects of warlike preparation and indoctrination with warlike arrogance and ambitions. The attention deliberately given to these concerns is also a fact of common notoriety; so much so, indeed, that the spokesmen of the system have come to take it for granted as a matter of course, and so are apt to overlook it. The experience of war induces a warlike frame of mind; and the pursuit of war, being an exercise in the following of one's leader and execution of arbitrary orders, in-

duces an animus of enthusiastic subservience and unquestioning obedience to authority. What is a military organization in war is a servile organization in peace."<sup>4</sup>

Walter Lippman in his column "Today and Tomorrow" published May 17, 1944, in the *Los Angeles Times*, stated in part in a discussion of German militarism:

"... But the core of the army, which was the caste of the professional officers and non-coms, was left undisturbed. (After the first World War.) It was they who created the present German army, and prepared the plans of mobilization and strategy for this war.

"As a result of investigations made by the German Reichstag in the early days of the German republic, we have reasonably reliable official data on this crucial point. During the first World War the German army had an aggregate of 45,923 active officers of which 11,357 were killed. Half of all these officers were professionals, the rest what we should call reserve officers. The higher the rank, the greater, of course, was the proportion of professionals. In the army which the treaty allowed the republic to maintain, there were 4,000 army and 1,500 naval officers. These 5,500 officers were almost entirely drawn from the professionals. Moreover, many others belonged to what was known as the Black Reichswehr, and continued to work more or less secretly with their professional colleagues. Then, too, a large number of demobilized professional officers were enrolled in the police. It is reliably estimated that out of some 23,000 profes-

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<sup>4</sup>WHAT VERLEN TAUGHT by Wesley C. Mitchell. The Viking Press, 1936. Page 463.

sional officers left in 1918, 8,000 to 10,000 continued in military activities.

"It is also interesting to note that by the end of the 1920's, in the years just before Hitler, more than 80 per cent of the officers' corps were drawn from old military families or from families connected with the higher civil service in the monarchial regime. Less than 5 per cent were drawn from the middle and lower classes."

It is well to remember that the Germany of 1910 under William II was one of the most socialistically advanced nations of the world. Her system of social security was far ahead of that found in other major countries of Europe or America. Compensation insurance, medical service, and pensions of various sorts were known throughout Germany. Trade unionism was widespread and important. All of these served the state and were, therefore, promoted by the state. They were made to serve much as the gentry had served the Czars of Russia during and after the period of Peter the Great. All of these arrangements likewise swelled the size of officialdom. They helped to build the super state.

Friedrich A. Hayek in his recent book, "The Road to Serfdom," quotes a German author, G. Wieser, regarding the part which Germany's early socialism played in later years when National Socialism came to flower under Hitler.

"In Germany and Italy the Nazis and Fascists did, indeed, not have much to invent. The usages of the new political movements which pervaded all aspects of life had in both countries already been introduced by the socialists. The idea of a political party which embraces all activities of the individual from the cradle to the grave, which claims to guide his views on every-

thing, and which delights in making all problems questions of party Weltanschauung, was first put into practice by the socialists. An Austrian socialist writer, speaking of the socialist movement of his country, reports with pride that it was its 'characteristic feature that it created special organizations for every field of activities of workers and employees'.

"Though the Austrian socialists may have gone further in this respect than others, the situation was not very different elsewhere. It was not the Fascists but the socialists who began to collect children from the tenderest age into political organizations to make sure that they grew up as good proletarians. It was not the Fascists but the socialists who first thought of organizing sports and games, football and hiking, in party clubs where the members would not be infected by other views. It was the socialists who first insisted that the party member should distinguish himself from others by the modes of greetings and the forms of address. It was they who by their organization of 'cells' and devices for the permanent supervision of private life created the prototype of the totalitarian party. *Balilla* and *Hitler-Jugend*, *Dopolavoro* and *Kraft Durch Freude*, political uniforms and military party formations, are all little more than imitations of older socialist institutions."

The step from the state socialism of 1910 to the Naziism and Fascism of 1939 was very short. State Socialism, plus Junker Militarism, plus Statism made Naziism. Hayek wrote that in Germany in 1928 the government controlled fifty-three per cent of the nation's wealth. This meant that the government was centralized, great, and powerful five years before Hit-

\*THE ROAD TO SERFDOM by Friedrich A. Hayek. University of Chicago Press, 1944. Page 113.

ler came to power with his program of *National Socialism*.

Hitler's Germany was the logical and perhaps inevitable end of the totalitarianism which had preceded it. The real strength of the Nazi rule was provided by the old vested interests of the Kaiser's Germany. The landed aristocracy, innumerable government officials, and German militarists, who were all inextricably intermingled, joined with the owners of Germany's industrial system and pushed Hitler and his coterie to success and power. These combined interests came to be the greatest enemy and traitor to Western civilization of which the history of the world has record. Their efficiency, their ruthlessness, and their energy came within a hair's breadth of throwing the world into a condition of bondage heretofore unknown to modern man. Individual freedom and the liberty of man had been stricken from the Nazi vocabulary.

. . .

These prominent vested interests of history have been obstructive and repressive when viewed in the light of humanity and man's progress. Their partially compensating benefits have been the maintenance of a certain stability and, in some cases, particularly Germany's, the development of a type of harsh efficiency and productivity. They have either placed or kept people in bondage, opposed reforms, and fought bitterly against the enlargement of man's freedoms. The stability which they may have helped to produce, inevitably degenerated into the preservation of a *status quo* which bitterly resisted social progress. The harsh efficiency developed into a system of benefits for those in power or those having legal ownership. Quite generally, existence of these great vested interests led to a degeneracy of the moral and economic fabric of the

nations within which the interests lived. The repressive influences of these vested interests then eventually led to explosive and revolutionary action on the part of the disinherited.

This angry and frequently violent opposition persevered until finally the entire cloak of suppression was rent and torn away. The violence of the reaction sometimes showed little improvement over the evils which were displaced. Man, instead of progressing peacefully and steadily, instead of taking the normal steps of change and reform which life demands of him, rushed vindictively from one extreme to the other. The peaceful progress of such nations as Switzerland, Sweden, Denmark, and New Zealand were denied the greater powers such as Spain, France, Germany, Russia, and others because of these violent changes and explosive reform movements.

All interests or forms of human society tend to vest themselves with permanence, wealth, and power. They tend to rigidify and immobilize man and his social and economic agencies. The interests once vested resist change, which change is an inexorable law of life. The changes therefore occur despite the resistance. They are delayed but not eliminated by strong vested interests, and the delay, too long extended, results in violence, bitter reaction, and destruction. The pages of history are filled with the accounts of such actions and reactions.

## CHAPTER VIII

# VESTED INTERESTS ON THE DOMESTIC SCENE

### SECTION I

*"Freedom is not caprice, but room to enlarge."*

— C. A. BARTOL:

"RADICAL PROBLEMS. OPEN QUESTIONS."

The newness of our country, our democratic form of government, and our great national domain had acted together to prevent the formation of many really harmful vested interests prior to the beginning of the Twentieth Century. The Civil War had broken up or destroyed the vested interests of slavery. The vested interests of great wealth were not yet set nor formed. Advancement and fortune were both open to all. Our form of government and the character of our politics had prevented the important vesting with permanence and power of any political clique or faction. We were in 1900 a virile, growing, and flexible nation. The picture in 1940 was quite different. The vesting of great interests with power, wealth, and permanence was now going on apace. Our flexibility was changing to rigidity and immobility.

Before we begin a discussion of these growing vested interests, it will be interesting to notice briefly America's freedom from many forms of vested interests found in other nations at various critical periods of their history.

We have here no important landed aristocracy. The existence of such a social strata in other countries has



rigidified society and has been the basis for revolution, continued violence, and schisms within the State. Such was the case in Mexico during the Nineteenth Century and the beginning of the Twentieth. A similar situation persisted in Russia prior to 1917.

The vested interests within the religious framework of our nation are fortunately small. They are growing, however, and the outlook for the distant future, say of 2000 A. D., is at least dubious.

The general trend of Protestantism is toward intellectual and spiritual freedom. Its spirit serves in behalf of the natural dignity of man. These things are true in spite of the many diversionary sects and in spite of the dullness of many churches and parishes and in spite of the frequent absence from Protestant churches of that mystic spiritual spark which man needs in order to retain a semblance of nobility.

The trend of the worldly-wise and ever-vigilant Roman Catholic religion is not so obvious. Its strange core of assumed infallibility, its claim of direct intercession between God and man, its spiritual and intellectual dominance over its millions of members, its steady and important growth in the ownership of property and position of power, are all indications of a vesting of its interests in such a way as to enable it to move in any direction.

It is only occasionally, however, in America, that the vested interests of religion, either Protestant or Catholic, move in opposition to the welfare of our people.

Social position, gentle birth, or family connections have as yet relatively unimportant influences in our nation. With the exception of a few fortunate or outstanding families, the names of prominent, wealthy, or influential people are continually changing and making way for newcomers.

The power of Wall Street was badly broken by the depression of 1929-1933. The New Deal further subdued the spirit and vitality of it in the years thereafter.

Publicity agencies in this nation unquestionably have a remarkable opportunity for power and privilege. The power for propaganda which exists within our press, our radio, and our cinema is tremendous. This power is altogether disproportionate to the acceptance of responsibility by those agencies. Columnists, reporters, commentators, motion picture personnel are alike privileged to make the most flagrant statements of alleged fact to a great audience without the slightest warning to the public that the statement is probably one of opinion only and perhaps a very biased opinion. It is virtually impossible for the general public in cases like this to separate the wheat from the chaff. Despite these facts, the fires of competition burn freely and have to date prevented any formation of a vicious vested interest such as was presented by the press of France in the decade 1930-1940. America can proudly say today that she has the best and truest news-gathering and news-disseminating facilities in the world. The character and influence of the cinema is not so clear. While it has approached perfection technically, its propaganda character is dubious and sometimes definitely insidious.

Political organizations and blocs have built powerful vested interests. The most notorious of the political machines, all of which are entrenched within the politics of our urban life, are in New York City, Chicago, Philadelphia, St. Louis, Kansas City, and Seattle. Smaller machines are found in almost all of our major cities and some of these machines are equally as vicious as the worst of the larger organizations. These machines, these incubi which infest and poison most general elections in the nation, are terrifically

costly in terms of general urban services. In the field of communication it is generally found that streets, bridges, viaducts, subways, and transit lines are built after interminable delay and at tremendous cost to the taxpayer and citizen. In the field of recreation we generally find insufficient or poorly planned or inefficiently operated parks, playgrounds, libraries, community centers, rest rooms, and other facilities. In the field of safety we perhaps find the worst offenses. Police departments are generally riddled with dissension, payoffs and under-cover influences. Traffic control and building regulations are alike generally incomplete and clumsy. For some reason or another, fire departments, however, quite generally do not merit severe criticism. The great vice rings within our cities are, of course, tied in very closely with the political machine that runs the city. In fact, the payoff for these political machines is largely made through the various vice concessions.

A strange fact in connection with the vested interests of the cities' political machines is that quite generally it is the machine itself, the political mechanism, that is vested with power, influence, and public wealth. The individuals within the machine receive their pay from the machine only after they have subordinated themselves to the discipline and the dictates of that machine. The machine becomes the master, the worker becomes the servant.

There are few vested interests of a military character in our country. The two great service schools, West Point and Annapolis, have, in a measure, vested their graduates with top privileges and positions in our armed forces. The record of accomplishment of those graduates proves, however, that they have not failed in the trust which has been placed in them. Also, both they and the nation realize that it is really

the strength and the resourcefulness of the citizen army, officers and men, which gives to us our tremendous military potential.

Some of our war veterans' organizations have been able to vest themselves with great political power and have served highly selfish interests thereafter. This began with the veterans of the Revolution in 1783. It has continued down to the present.

A man, under our system of military conscription, goes to war in the fulfillment of a duty. He goes as a citizen and fulfills an obligation. He should return to his position as a citizen and it is open to question whether his experience, wherever it may have been, will justify any assumption of superiority on his part over his fellow men in settling the issues of the changed world to which he returns. It is not, however, the nature of men to follow so judicious an attitude and we have, therefore, and shall continue to have a vested interest of the military in our war veterans' organizations, whatever the name of the particular organization may be.

. . .

The United States of America, throughout its history, has been a commercial-minded nation. This has meant not only that its chief incentives and activities have been commercial but that the profession of commerce or the creation of wealth through production and trade has held within its sphere the important positions of influence, power, and wealth. In shorter terms, he who had money had a tight grip on the desirable things in life. Money represented wealth. Much of this wealth resulted from the creative ability of man and was in fact either the stored-up results of that creative ability or the remoulded form of some natural wealth which nature had so generously bestowed upon us. As the industrial revolution caught

us and passed over us and as the state of the industrial arts progressed, we found less and less of natural wealth suited to our tastes. We processed all or most of it. More and more we used money to represent wealth. More and more the men who controlled money controlled wealth and developed a vested interest in that wealth. These men came to the place where they likewise assumed a vested interest over the labor of men who processed or produced wealth. Private American business organizations were originally the chief commercial interests. Then various forms of corporate enterprise took over the strength and sinew of American business. The vested interests of commerce became clothed in the habiliments of that strange and truly remarkable American phenomenon, the privately-owned corporation.

American business had to grow tremendously and become large before it could become a harmful vested interest. This growth, this tendency to bigness was indigenous to our nation, but it began to blossom only after the Civil War. By the end of the century the hand of big business was ready to receive the scepter of power and influence. The growth has accelerated in the four following decades. Bigness has today given way to gigantism. Billion-dollar corporations today are numerous.

*It is possible that the greater part of American business life is still competitive. It is unquestionably true that the great strength of free enterprise and the great bulwark of industrial freedom is competitive in character. The problem in this connection, however, is to preserve or recreate a condition of competition and free enterprise among the giants of American business. They are so close to the government in power and privilege, they have so abused those powers and privileges in the past as to require the active*

intercession of that government. Where, at a moment like the present, are the real supporters and defenders of big business and wherein lie the possibilities of its reform, safety and correction? Unfortunately most of the supporters are marked men and the defenders are few.

The classification of big business as a vested interest is neither novel nor unusual. Hayek, in his "Road to Serfdom," goes further and classifies big business along with organized labor as the two greatest threats to individual liberty and economic freedom. He says, "Apart from the intellectual influences which we have illustrated by two instances, the impetus of the movement toward totalitarianism comes mainly from the two great vested interests: organized capital and organized labor. Probably the greatest menace of all is the fact that the policies of these two most powerful groups point in the same direction.

"They do this through their common, and often concerted, support of the monopolistic organization of industry; and it is this tendency which is the great immediate danger. While there is no reason to believe that this movement is inevitable, there can be little doubt that if we continue on the path we have been treading, it will lead us to totalitarianism."\*

Thorstein Veblen and other economists of similar mind generally spoke of vested interests as being the interests of big business, of absentee owners. Veblen's definition of a vested interest indicated an interest or a group or an element in the body economic which received something for nothing. He went so far in 1921—"Engineers and the Price System"—as definitely to link capital (by "capital" he indicated absentee ownership) with labor (*i.e.*, organized labor)

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\*THE ROAD TO SERFDOM by Friedrich A. Hayek. University of Chicago Press, 1944. Page 194.

as the two ruthless vested interests in the industrial scene:

"Hitherto it has been usual to count on the interested negotiations continually carried on and never concluded between capital and labour, between the agents of the investors and the body of workmen, to bring about whatever readjustments are to be looked for in the control of productive industry and in the distribution and use of its product. These negotiations have necessarily been, and continue to be, in the nature of business transactions, bargaining for a price, since both parties to the negotiation continue to stand on the consecrated ground of ownership, free bargain, and self-help; such as the commercial wisdom of the eighteenth century saw, approved, and certified it all, in the time before the coming of the perplexing industrial system. In the course of these endless negotiations between the owners and their workmen there has been some loose and provisional syndication of claims and forces on both sides; so that each of these two recognized parties to the industrial controversy has come to make up a loose-knit vested interest, and each speaks for its own special claims as a party in interest. Each is contending for some special gain for itself and trying to drive a profitable bargain for itself, and hitherto no disinterested spokesman for the community at large or for the industrial system as a going concern has seriously cut into this controversy between these contending vested interests. The outcome has been businesslike concession and compromise, in the nature of bargain and sale."<sup>4</sup>

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<sup>4</sup>WHAT VEBLEN TAUGHT by Wesley C. Mitchell. The Viking Press, 1936. Page 437.

He continued further in this same connection:

"There is accordingly nothing subversive in these bouts of bargaining between the federated workmen and the syndicated owners. It is a game of chance and skill played between two contending vested interests for private gain, in which the industrial system as a going concern enters only as a victim of interested interference. Yet the material welfare of the community, and not least of the workmen, turns on the due working of this industrial system, without interference. Concessive mitigation of the right to interfere with production, on the part of either one of these vested interests, can evidently come to nothing more substantial than a concessive mitigation."\*

We must admit, after the lapse of some twenty-three years, that there was considerable merit to Veblen's contentions.

In behalf of justice for big business it will be well to examine briefly the good which it has produced before we criticize it too adversely or damn it too conclusively.

All business in our country has had a positive or creative character in the aggregate and the character of the majority of business or commercial firms has always recognized the fact that in order to have prosperity, in order to make profits, goods must be produced, services rendered, purchases made, and wealth distributed.

The attitude toward the disposition of profits is another matter. The essential fact here is that business, in order to profit, had to produce. Its attitude has been correct up to that point. Those who contradict this or insist that business has attempted to

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\*WHAT VEBLEN TAUGHT by Wesley C. Mitchell. The Viking Press, 1956, Page 439.



curtail production or minimize wealth are either ignorant of the real character of business generally or they are allowing some of the abuses in business to prejudice their entire conception of American business.

A second great and good characteristic of American business, big and little, is its aggressiveness. It has been imbued with vigor, initiative, resourcefulness, and perseverance. With these qualities it has builded the greatest industrial and commercial plant which the world has ever seen. It has created, out of a wilderness, the highest standard of living yet known to civilized people. It is insufficient to remonstrate that nature endowed us heavily with all forms of natural wealth. This is likewise the case with China, Russia, and parts of Africa and Latin America. The credit neither can be given solely nor principally to American labor. Australian labor, Swedish labor, German labor, have had equivalent efficiencies. Yet the end results have been far different.

Another great accomplishment of American business and particularly big business has been the establishment of standards of quality and quantity heretofore unknown. These standards today importantly affect the entire world. Industrial enterprise in all nations, great and small, strives to emulate American practice. It is important to note that these standards are found in the field of trivia as well as in the field of major mechanical equipment. Suit hangers, chewing gum, radios, automobiles, farm equipment, electric generators, small tools, rubber goods of all kinds, miscellaneous clothing items, construction equipment, cosmetics, these and hundreds of other items as made in America by American business management and ingenuity are taken as standards the world over.

. . .

The United States has been a commercial and industrial nation throughout its history. Most of her commercial and industrial activity has been carried out under the condition of a free economy and a free market. The great prosperity of the nation, its economic vitality and business growth led directly to the creation of bigness in many business organizations, the growth of great corporations. These great organizations became wealthy and powerful. They became vested interests. They gained economic power and they bulwarked that economic power with political power. Then like all vested interests they became essentially selfish. This selfishness exhibited itself in an ever-increasing greed for profits and a growing conviction of its own, *i.e.*, business', indispensable position and character. It set itself up as the great *raison d'être*. It insisted that it was the basic creator of wealth, the provider of jobs and employment, the means by which the nation actually existed.

Business ignored the fact that nations had existed previously and concurrently without any such form of activity as American corporate enterprise. It forgot that American business was but a form, a development of man's continued desire for economic activity. It failed to realize that it was but an instrument with which that economic activity could be carried out in the interests of the people.

Big business or any business had no rights at all, strictly speaking. When, as, and if it failed to serve a purpose to the satisfaction of the people, it would, of necessity, have to disappear, just as feudalism disappeared, as monarchies are disappearing, as the orders of nobility have lost their importance. These things big business forgot in its conceit or ignored in its greed.

Big business forgot or ignored another essential in

a modern democratic State. Agencies such as business groups and labor organizations must give at least an appearance of serving the public good in order to be spared governmental persecution.

It is not sufficient, by and large, to serve the public good. The people must be led to believe and acknowledge that the public good is being served. It is sometimes not even necessary actually to so serve but the *illusion at least must be provided*.

There is a tremendous clamor these days about employment and unemployment in the postwar years. Business, through its many spokesmen, false and true, requests the lifting of restraints and cessation of governmental competition, claiming that it will then provide the required number of needed jobs. Politicians voice sentiments ranging from mild incredulity to rabid opposition. Government alone, they say, through doles, work relief, and public works can take up the slack. Both err. Employment arises from man's innate desire for economic activity and his desire to satisfy his material wants. He will work so long as he can consume the products of his own labor or so long as he can exchange those products on an equitable basis with some other worker who has produced some other desirable and consumable good. Thus the problem of job creation belongs neither to business nor to government. The problem of keeping the channels of exchange open belongs to both. Here big business has had a poor record and government one not much better. Unemployment was much less of a prolonged problem before the era of big business or governmental interference.

The position of big business is, however, inferior to that of government inasmuch as government can virtually confiscate wealth through legislation and taxation and thus force, or make, compensable employ-

ment for at least a longer period than can big business. Government, in competing with business, can and does deal from the bottom of the deck. It may and also does stack the deck.

Let us now examine, in some detail, the more important errors or faults of business and particularly big business.

The first great fault of big business has been its conceit, the conceit that insisted that big business efficiency, big business stability, big business profits, big business continuity were all that were needed in order to preserve the nation and protect its welfare. It became the protector of the State. It championed neither real individualism, personal liberty, nor private ownership. Business barons were creating an economic feudalism because they were determined in their contention or belief that big business was the goal of social, economic, and political life. All this attitude was taken despite the fact that business, like the simplest work or employment, is only a form used by man to give substance to his yearning for economic activity.

The conceit of big business has been as pronounced as its greed. It began the clamor for governmental protection and aid in the post Civil War period. Our federal government during the McKinley administration virtually became a business man's or business interests' administration just as today it has turned about and become a labor administration. Big business actually felt that it deserved such help. Toward the end of the Nineteenth Century and during most of the Twentieth Century, business felt that it had vested rights in governmental aid and protection and that the people should see to it that business was prosperous. Business gradually assumed that the nation owed it a living; that it, business, was the fountain-

head of prosperity and therefore deserved the most considerate care from the nation and the government. Business forgot that it was the creature and not the creator of society and the times. The cause had been mistaken for the effect and the effect for the cause. It clamored for its rights when it, as a form of human activity, had no rights *per se*. The rights were borrowed rights, loaned by the people to an enterprise or to enterprises which were to be beneficial to men generally.

The insatiable greed for bigger and bigger profits has been a vicious error in business enterprise. No business can long endure without profit, no business either public or private is justifiable unless it earns a profit, for true profit in the light of economics is the excess of production over its cost. Wealth in one form or another is consumed in the creation of new wealth. Unless more is produced than is consumed, *i.e.*, unless profit is created, then business activity is a losing and regrettable affair. There should be profits. Those profits, however, should be divided with some sense of justice. They *need not be* inordinately large. A steady improvement or rate of increase will be found preferable to an extremely rapid rate followed by a recession. Business, however, became grasping. There was never enough profit. Greater sales were sought, higher prices were posted, more and more of the profit was retained for ownership and management.

The great installment sales program developed during the past twenty-five years in America was devoted to the stretching of a sales campaign into what should have normally been tomorrow's markets. More and forward selling was consummated in the drive for money and paper profits. The unseen future was put under mortgage. The evils of this condition are nu-

merous and important. Most important, such a condition freezes an economy during a recession when flexibility is the most necessary. This installment buying program is a sired child or creation of business and particularly of big business. It is vicious in most respects, advisable in a few cases and seldom necessary.

American business was a prime cause in the advance of American standards of living between 1870 and 1940. Yet American business did not share its own advances and gains with the sub-strata of its own employees. The lower paid elements in our population did not share proportionately in the prosperity of American corporate enterprise. The principal ambition of almost every American business enterprise was to grow larger and accumulate more wealth. This attitude was probably a natural one in a growing and dynamic nation. However, in many, many cases it became a callous and mercenary one. As the business enterprise grew the employee had less and less personal contact with his employer. In the cases of the medium-sized and larger corporations the employee became a mere name or only a number to his employer. Personal relationship disappeared entirely. The employee's natural reaction was to lose personal interest in his employer and in some cases to become outrightly hostile toward him.

Employers during this period insisted on considering labor as a commodity. They neglected the persistent fact that labor was the product of human hands and that human hands are guided by human minds and that the school, the newspaper, the cinema, and the radio were stimulating and prompting those human minds to think in terms of human values for human efforts. Labor had become more than a commodity but the employer was either too occupied or too indifferent to heed the information.

A workman's greatest interest in life outside his family is generally his job. He wants consideration and security in that job. If the employer doesn't realize this or refuses to concern himself with it, the workman will turn elsewhere for consideration.

American business during all this remarkable development period has continued to hire and fire at will or on short notice. Most workmen are hired by the hour. Some are employed by the week or month. Their tenure of employment is that short. Actually it is no less than an insult to a man's humanity to hire him from hour to hour. That isn't the manner in which he has been taught to live. It is shameful for an employer that he can see no further than from day to day or that he can afford his workmen no greater security of job tenure.

The answer of American business to these charges is:

That competition prevented undue generosity or lenience in the treatment of employees.

That in a freely competitive field the problems of individual welfare were not the concern of business but of the individual.

That improvement in conditions of employment would have to come gradually.

That society would receive its proper compensation through a tremendous production of wealth under a system of free competition in the market of labor.

That poverty or bankruptcy would have been the lot of any business which attempted to lead its competitors in the matter of guaranteed permanency of employment or of shorter hours or of larger returns.

That plans of all sorts and kinds for the sharing of profits had been tried with little or no success.

That laborers had no lasting loyalty to their jobs and little or no concern with the problems of ownership, management or employer's risk.

These reasonable contentions are answered in part, at least, by the reminder that individual businesses could have survived and prospered with a decelerated rate of growth. It had not been necessary for business to grow and to expand at, for example, a rate of twenty-five per cent per annum. There was no requirement for a pyramiding of profits. Successful growth of individual firms and business collectively could have been at a rate of, say fifteen per cent. Such slower growth might have been healthier over the long pull.

The contentions are answered further by the asking of a question: Has more money or profit been made through the years when labor was coolly considered as a commodity which was to be bought or traded in on the open market than has been lost during the years of labor discontent, strife, malingering, inefficiency and antagonism?

There is no quick answer to this question. Either an affirmative or negative response is debatable, which fact in itself gives the question some standing. It is obvious, however, that something is seriously wrong in the general labor picture and that the schism between labor on one hand and capital or business or corporate wealth on the other is becoming increasingly ugly.

Our present industrial development and the development of greater and greater employer groups makes the annual wage a "must" for American business. It is no longer a question for that business of whether it should be done. It is a problem of how can it be done, how will it be done? Right now the initiative has been taken from private employers. The State is supplying social security, the labor unions are forcing the issue on longer tenure of employment. Soon, very soon, under these influences the working man will



look to others rather than to his old-time private employer for job and pay security. That will ring the death knell to private industry as we have known it. Business is late and obstinate in this regard. Because the annual wage idea is difficult to put into operation and because it would curtail the employer's rights to hire and fire at will, he has insisted that it shouldn't, that it couldn't be done. In the meantime, industrial society has been marching directly into the practice.

The vesting of business interests with power and permanence has had many disagreeable chapters. As individual enterprises grew, they became monopolistic. They blanketed not only their own particular field of activity or production; they bought into diversified fields. The subsidiaries, published and confidential, of such great firms as the U. S. Steel Corporation, Standard Oil Company of New Jersey, of California, of Indiana, the E. I. du Pont de Nemours Company, General Motors, Westinghouse, and others are large in number and powerful in influence.

The same condition exists regarding the larger financial institutions such as the Bank of America, Trans-America Corporation and Morgan interests. These tremendous groups sometimes fix prices, regulate competition, control output, and fight strongly for immunity from regulation. Many of these activities, it is readily admitted, are beneficial. They go far to prevent chaos and cutthroat competition which would result as disastrously for the general public as for the particular business enterprise. Moreover, the vehement cry of many of the so-called "liberal" economists against restriction of production by big business in such way as to dry up the sources of real wealth is more clamor than anything else. Almost any business will produce all the goods it can, provided such goods are salable at a price above the cost of produc-

tion. It is difficult if not impossible for any agency to do otherwise over an extended period of time.

The "fleecing" of investors, raised to an art during the 1920's, has probably been more disastrous and more damnable than was the octopus growth of the greater corporations. This practice fortunately has been brought under partial control by the Securities Exchange Control Act passed during Franklin D. Roosevelt's first term.

The freezing of patents and the use of patents to protect monopoly have been subjects of attack for many, many years. Probably the evil character of either practice has been exaggerated. Developing and marketing a patented product is like the development of an oil field. It entails great expense and requires great perseverance. Patents more often ruin their sponsors than enrich them. The public by and large has fared well from America's inventors and patent owners.

The malefactors of great wealth, the robber barons, the absentee landlords, the specific vested interests of Veblen, have been under continuous attack since the Hayes-Arthur-Cleveland era. It has been a most difficult task to beat them into submission to the will of the people. The interests of entrenched wealth are always bitter and obstinate fighters. In our rush to attack and overpower these vested interests of wealth and big business, we are generally forgetful of important items. Wealth, where it is neglected by its owners, and in the absence of other compensating factors, disintegrates very rapidly. The mere possession of wealth is of little permanent harm or hazard to the community unless that ownership is accompanied by political power, by favorable inheritance laws, or by social stratification. The few vested interests that obtain under such ownership very rapidly dis-

appear with the changes of time. The owner of wealth, in order to perpetuate that wealth, must care for it, manage it, husband it. Absentee ownership tends to erase itself. An unused factory is a liability and an idle ocean-going vessel rapidly deteriorates. A deserted farm returns to nature with the passing of but a few seasons. Wealth, to continue, must be cared for. If the absentee landlord employs others to operate his properties, those managers in due course of time will be requesting a large share of the returns from the property as their due for industrious and capable management. In the absence of other contributing factors the permanency of absentee ownership is non-existent. Veblen's "absentee owner" in and of himself is not so harmful to society.

Social movements in our country within the past sixty years have eliminated some of the most important contributing factors which had been prolonging the life of absentee ownership. Big business has, first of all, lost much of its political power. It began to lose this power with the direct election of Senators. Big business has been inept, to say the least, in the rough and tumble of exposed politics. The period of the New Deal offered many illustrations of this fact. It is easy to pin the badge of evil on business as soon as it can be shown that any particular business firm has been corrupt.

Inheritance and the tax laws have become very severe on the so-called rich business man. Social stratification has not occurred to any serious extent in the circles of big business. Henry Ford was a mechanic, as was Walter P. Chrysler. Eugene Grace of the Bethlehem Steel Company came up from the bottom. Most of the giants of the youthful aviation industry found their way to the top from humble beginnings. Wendell L. Willkie became President of Common-

wealth & Southern, an active utility holding company, under his own ability. Examples are plentiful. The men to whom the profits of big business have gone and in whose hands both management and ownership lie are a restless, changeable group. There may be malefactors of great wealth among them, but the important names on the managers' and presidents' and chairmen's doors are constantly being changed and room is continually being made for new energy, new ideas, new driving forces. This fluidity of the business world has to a great extent been overlooked by the critics and reformers of our twentieth century era.

The important problem facing America today in connection with private American business organizations and private enterprise is the problem of the continued health and vigor of such business enterprise. Business may inappropriately boast that the nation needs it. Wise and far-sighted men know deep in their hearts that the boast is too true. No satisfactory substitute for business, free enterprise, corporate commercial activity, has yet appeared on the American scene. America today as in the years of past history needs the vigor, the ingenuity, the aggressiveness, the efficiency of business, big and little. Its problem is to find a way to retain the good in that portion of American social and economic life which we have come to know under the very general term of business or industry.



## CHAPTER IX

# VESTED INTERESTS ON THE DOMESTIC SCENE

### SECTION 2

*"Last of power is the most flagrant of all the passions."*

—TACITUS: *ANNALS*

BL. XV, SEC. 33.

The most powerful vested interest in the United States today, exclusive of the vested interests of government, is that of organized labor. The leaders and the organizations of organized labor hold sway over the economic life of a nation to an extent not equalled by previous influential interests or groups. They are vested with power over ownership, management, workmen, and over even government itself. Organized labor has operated and continues to operate on a shoestring, as far as any cash investment is concerned. It has from the first operated on other people's money. Its own investment has been in time and effort.

The term "organized labor" as used herein indicates

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Author's note of May 26, 1946, upon climactic conclusion of Railway strike May 23, 1946.

The great general strikes of 1946 beginning with the General Motors C.I.O. Auto Workers Union and continuing with the C.I.O. Steel Workers Union, John L. Lewis' United Mine Workers, and climaxing with the National strike of the Railway Trainmen and Locomotive Engineers provide conclusive proof of the overized power and arrogance of the union labor movement. The loss in needed production and national prestige has been incalculable. The damaging blows given to national spiritual unity, to industriousness and thrift have left deep scars across the country's social and economic life. Remedial legislation is now (May, 1946) going through Congress but it is very late, it is as yet sadly incomplete and it is being bitterly and effectively fought by the vested interests of the union labor movement.

the hierarchy of labor unionists, the professionals, the leaders, the secretaries, the organizers, the walking delegates, the paid representation, in a word, those who are directly and indirectly paid from union dues, fines, initiation fees, and occasionally from extortion. These men both lead and run organized labor. They virtually *are organized labor*. The mass of membership is moulded and managed by them.

Organized labor presumes that it is Labor. It is, on the contrary, the organizer of labor for the benefit of the organizers. Organized labor was considered by Veblen to be the second horse of the team of vested interests. The second member of the team has outgrown and outdistanced its mate. Today this member runs unchecked and with selfish wilfulness.

The terms, business, or business interests, or capital, or private corporate wealth have been used somewhat interchangeably in this discourse. The vested interests of such business have generally and firmly held that in order to have wealth, wealth must be produced. The vested interests of labor, however, practice the policy of self-enrichment by division of wealth or, as in the case of strikes, by the destruction or consumption of wealth without replacement. They ignore or deny the dictum that "every man who reduces the amount of his work, either through loafing on his own dough or slowing down or opposing efficient machines or striking, directly reduces the rate of industrial progress and good living for himself and all Americans."

Fair-minded, liberal-minded, and studious men have not only insisted on the rights of labor to organize; they have insisted with equal vigor that America needed a virile labor union movement. Yet today the vested interests of organized labor are rapidly becoming a festering sore on the economic life of the nation.

These interests are neither those of private ownership nor Socialism. They are the vested interests of a class of gangland midway between respectability and buccaneering. Organized labor has abused and distorted the principles of collective bargaining until they are no longer recognizable. Government, meanwhile, has strengthened and sheltered the organized labor movement at the expense of other segments of the nation until the movement is arrogant and without restraint.

The following statement was taken from the newspaper, the *Los Angeles Times*, of August 4, 1945:

"Unions Have Built Up Great Power, Club Told. Organized labor leadership occupies a position of such power that the public cannot realize it, Randolph Van Nostrand told the Rotary Club luncheon at the Biltmore yesterday. The Merchants and Manufacturers Association public relations director cited chapter and verse to bring out his point.

" 'Labor unions have set up a government within a government,' he said. 'Some of their leadership has defied the United States government and its President. Some labor unions have all the attributes of the government itself.

" 'They levy taxes and assessments. They adopt constitutions, pass laws and demand adherence to their constitutions even before the Constitution of the United States.

" 'They set up tariffs, one union against another and one area against another. They institute courts in which the supreme penalty is banishment from the union and the individual's right to earn a living.

" 'The Government is defied. They declare and carry on war, one union with another, as in Hollywood today. One labor union, the musicians under Petrillo, defying the government of the United States, has actually levied tribute on the public'."



The leaders and organizers of the labor union movement will point with considerable confidence and pride to the alleged social gains of American labor under the protective custody of the A. F. of L. and the C. I. O. It must be admitted in frankness that there have been gains: for union members and—for the leaders and organizers. Better wages are being received, better working conditions are being arranged. Some of the rights or just claims of labor are receiving more consideration.

Such gains as have been made, however, are the result of a great loss of freedom on the part of the individual workman and as a further result of a pronounced pro-labor policy of the Federal Government. We had, in the years between 1933 and 1945, a labor government.

When freedom is lost there is little security in the permanence of social gains. Herbert Spencer in 1884 in his book, "The Man Versus the State," referred to elsewhere in this volume, wrote "that the right to labor (under organized labor) is a trade union right which the trade union can sell and the individual worker must buy."\* In other words, under forced unionism, the trade unions enjoy a monopoly.

Organized labor today is gaining and holding a monopoly over the right to work. It sells this right to individuals in return for initiation and weekly or monthly dues. The individual who purchases a part of this right to work receives only a conditional or qualified right. There are usually additional payments which are made in the form of insurance purchases, the procurement of various types of equipment or clothing from the union organization, the support of

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\*THE MAN VERSUS THE STATE by Herbert Spencer. Page 71. Published by The Caxton Printers, Ltd., Caldwell, Idaho. Used by special permission of the copyright owners.

organized labor's papers and magazines, and the payment of special assessments and fines. All of these expenditures on the part of the buyer of the right to work are generally mandatory and the union member may exercise no choice in the matter. Obviously a further and additional obligation is that of picketing and supporting the union leadership in such actions or movements as the professional labor leaders decide to carry out.

All of these powerful weapons in the hands of organized labor have been used in the "collective bargaining" campaign and strategy. They have been used directly in their relations with their members and the employers, against which latter class they have established a campaign of opposition and vindictiveness. The field of action is widening. We are witnessing today a new approach in their effort to take over the control of American industrial life. It is the political approach. Leaders of organized labor are using the control which they wield over employees in the collective bargaining movement to secure the defeat of enemies or election of friends, in the political arena.

The C. I. O. Committee for Political Action, the Dave Beck political organization on the West Coast, and the recent statements of Labor Leader Harry Bridges, make it clear that the weight of organized labor, established and organized to advance collective bargaining, is going to be systematically and energetically used in political contests the nation over. Private ownership and management will be placed "in the press" between demands from organized labor and the legislative and directive requirements from government. This, of course, had been going on for several years under the New Deal but the fiction had been maintained during that time that these legislative and directive requirements had come from a

people's government operating in the best interest of the nation. That it is fiction is now becoming apparent as the organized and energetic action of union labor is seen to be turning directly to politics. Surely and swiftly the nation politically has fallen under the influence and power of the vested interests of organized labor.

Cecil B. DeMille, the motion picture director and radio personality, speaking over a national radio hook-up February 1, 1945, made the following point concerning his controversy with the unions which arose when he, as a union member, refused to pay a special levy for political purposes and was expelled from his union. DeMille pointed out that he was a union man and that the dispute was not a question of unionism or non-unionism.

"It has to do with the abuse of power for I cannot conceive that the union by-laws take precedence over the Constitution of the United States or the Constitution of a State. At no time did I agree to an assessment (by the Union) for a political purpose." DeMille stated further that "a union that operates a closed shop becomes a monopoly of labor."

The powerful vested interests of labor unionism have been created. They are today exacting their tribute. It is tremendous. It may be growing.

The approximate total membership of the C. I. O. and the A. F. of L. on January 1, 1944, was 11,849,141. Initiation fees for these men ran from \$5.00 to \$150.00 or more. Monthly dues run from \$2.00 to \$15.00 and even higher. The monthly income of the labor organizations is obviously enormous. At even the \$2.00 rate this would be \$23,698,282.00 per month or approximately \$285,000,000.00 per annum. It is augmented by fines, special assessments, income from advertising, special services, compulsory sale of gar-

ments, insignia and paraphernalia, to say nothing of the sale of various types of insurance benefits. All of this income was under no regulation nor even under scrutiny prior to the passage of the Tax Bill of 1944.

All of the so-called gains of labor could have come without the unions. An enlightened citizenship could have secured all the results which have thus far been secured under a monopolistic and vested interest arrangement of organized labor leadership. This is not stated in opposition to the rights of labor to organize and bargain collectively. While the exercise of those rights is not herein considered necessary in order to secure social progress, those rights as such are not under debate and are not in question. The subversion and prostitution of those rights, however, are considered as producing the evil which has been done.

Actually the interests of labor and capital are not antipathetic. The public statements of today's labor leaders, however, would never indicate anything to the contrary. The welfare of labor and capital or labor and industry or labor and employer or labor and business is found on common ground. The conflict between these interests is an unjustified one. One party to the conflict cannot prosper without the other. Capital, *i.e.*, stored wealth, to be used in the creation of additional wealth, is useless or valueless without the resources of labor. Capital must be in use, in circulation, to be of any value. On the other hand, labor alone is fractionally productive as compared with the productivity of labor and capital combined. Definite evidence of this was our tremendous production of the war years of 1941-42-43-44. A maximum of capital was thrown into use during that period along with a maximum of labor, making due allowance for the restrictive efforts of organized labor.

Organized labor has been acting for years as though

it could despoil, intimidate, and harass employers with impunity and with no risk to itself. In this conception it is regrettably mistaken. When the private employer loses the right to "hire and fire" for just cause, when he loses management control, the privilege of using his employed labor to his and their best abilities, when he no longer is able freely to assign his labor to properly selected tasks—when these rights are gone from him, it can only mean that labor as a collectivist organization assumes them or that they are taken over by the State. In either event it is only a matter of a short time before organized labor itself will have been bereft of its dominating position and the heavy hand of Collectivism takes control. It is either private control or collectivist control. Union domination or control will be only a brief stop-over on the road to State domination. Union labor importance can exist only so long as private ownership and management exists.

The two great brotherhoods, the C. I. O. and the A. F. of L., gave their "no strike" pledge in 1942. The number of strikes for following periods and the number of workmen participating therein, despite such pledge, was reported as follows by the *New York Times* of May 27, 1944:

	Number of Strikes	Number of Men Participating
1st quarter 1942 . . . . .	571	154,343
1st quarter 1943 . . . . .	643	203,998
1st quarter 1944 . . . . .	1020	346,000

A news item in the *Los Angeles Times* date-lined May 30, 1944, read as follows:

"Strikes Increase 42 Per Cent Over Same Period in '43: Washington, May 30. (AP)—The Bureau of Labor Statistics reported today a 42 per cent increase in strikes and a 48 per cent increase in idle man-days in the first four months of this year, compared with

the corresponding period of 1943. The number of strikes rose from 1024 to 1455; man-days idle from 1,410,302 to 2,090,000. The number of workers involved increased from 423,184 to 495,000.

"April figures released today showed 435 strikes, the largest number of any April in the last five years. The April strikes involved 155,000 workers. Idleness resulting from all strikes in progress during April aggregated 580,000 man-days, representing .08 per cent of the available working time."

These reports from the Bureau of Labor Statistics probably give as favorable a picture for labor as is defensible. Strike activity grew despite the war and the no-strike pledge. The month of May, 1944, was particularly severe with thousands out in Detroit, Chicago, the Northwest, and elsewhere.

The empty promise of the top-flight union leaders could not be and was not upheld by a great body of local leaders and organizers. Those men acknowledged no promise, regardless of the war emergency.

This discussion is directed to the unionized labor movement and its leaders. The rank and file of the union membership is not under consideration. Those men in or out of a union are much the same. They are probably no better and no worse than their fellow men. The movement to which they are joined, however, and the leaders of that movement are today coming under a heavy cloud of distrust and suspicion. The principles of collective bargaining have been prostituted and this has taken place through the leadership and the functioning of organized labor.

There are naturally many honest and intelligent men among the leaders of the organized labor movement. Such men are courageous, public spirited and capable. Nevertheless the number of racketeers, shysters, profiteers, and parasites who are likewise mixed

in with the reputable leaders of this movement is so great as to color and distort the entire program. These men make mockery of collective bargaining, substitute an iron-clad control of the union membership, resort to force, extortion, and pressure of various kinds. The existence of this condition is widely accepted as the records of various cases of unfair and even criminal tactics are accumulated as evidence. More than that, men in high places who should be sympathetic with the cause of organized labor have spoken out very definitely and positively against the excesses of the union movement.

According to *Time* magazine, ex-Trust-Buster Thurman Arnold, who was later made a United States Appellate Court Judge, in 1943 made the following statements:

"Some of these labor organizations are beginning to take on the color of the old Anti-Saloon crowd in its palmy days before Repeal. They have the same kind of political and financial power to coerce government agencies, to threaten individual Congressmen and to frighten liberal critics by labeling them as opponents of a great moral cause. . . . Independent businessmen, consumers and farmers have had to sit back in enraged helplessness, while labor used coercion for the following purposes: Price control, eliminating cheap methods of distribution, creating local trade barriers by restricting the use of materials made outside the state, preventing organization of new firms, eliminating small competitors and owner-operators, preventing the efficient use of labor, limiting the work done, requiring that the employer pay for no work at all.

"Labor unions have exploited labor itself in the following ways: the refusal of one local to honor membership of another local of the same union, requiring

workmen to pay dues to a large number of unions, compelling employers to break their contracts with the unions of their choice, compelling employers to break off relations with unions certified by the National Labor Relations Board, failure to hold elections, intimidation, packing of membership to win elections, refusal to admit competent workmen to union membership . . . exorbitant charges for dues, fees, work permits, and denial of the right to membership because of race or because of personal prejudice of officials."

The governmental investigation of the labor situation in the Brewster Airplane manufacturing plant in 1943 exposed an ugly condition. The union leader at the huge Brewster plant was an individual by the name of Harry Posner, alias Tom Delorenzo. This individual admitted and in some cases boasted that:

1. He had called strikes, ordered people to slow down on the job, considered it all right for everybody to go home when one of the foremen fired three girls whom he found asleep in a plane fuselage.
2. Picked his name Delorenzo out of a telephone book.
3. Had been arrested fifteen times for traffic violations and once for traffic homicide.
4. Had thrown a brick at a policeman.
5. Had lied about his name, his date of birth, and his police record when applying for a job at Brewster's.
6. Had lied in connection with his income tax.

(Reported in the *Los Angeles Times*, November 16, 1943, Page 1, Section II.)

Yet this man openly and brazenly controlled the labor supply and the labor conditions in one of our important airplane manufacturing plants during a war period. He outlasted several management panels



at the plant. His case may have been extreme. It was not unusual.

Organizers of union labor have been sharing the natural monopoly of government with government itself. This power has naturally been abused and to the evils of curtailed production and immobilization of industries' vigor and resourcefulness must be added charges of downright lawlessness and crime. Both Petrillo of the Musicians' Union and John L. Lewis of the Coal Miners' Union brazenly ignored Presidential directives and defied federal courts. More flagrant cases of disrespect for law and order were given by Brown and Bioff in their extortion of vast sums from the motion picture industry and by Fay and Bove in their robbery of the construction industry of many hundred thousands of dollars. These two, both high-up officials in construction union internationals, held a virtual monopoly on the East's construction workers. In March, 1945, they were both convicted in New York City of extortion and conspiracy for which the maximum penalty was 18 years in prison. Little Browns, little Bioffs, smaller editions of Fay and Bove crowd union labor's stage the nation over. They all largely work with impunity.

The employees of the Department of Water and Power of the City of Los Angeles were directed to strike in the winter months of 1944 by their leaders. The strike caused partial paralysis of communications, industrial operations, and domestic activity. It threatened greater disaster and led finally to the entry of the Army and the temporary taking over of the system by the military. The wilfulness of the union leaders indicated that they paid little or no heed to the exigencies of the time.

The various Internationals of the A. F. of L. in 1941-42 negotiated, with the local chapters of a na-

tional trade organization, a closed-shop agreement which covered the entire heavy construction industry of Southern California. In fact, the agreement came to be quite widely referred to and accepted, after the precedent had been set wherein union leaders and employers could meet and sign a closed-shop agreement without reference, by gesture or otherwise, to the interested employees. The employee was given no opportunity to express a preference or an opinion. Yet the "collective bargaining" was supposed to be in his behalf.

Several billions of dollars worth of construction work, principally in the war effort, was carried out under this labor contract which had been negotiated and signed without reference to the parties in whose behalf the agreement was allegedly arranged. Who gave these principals the right to speak for the thousands of workmen? The answer is that the right was preempted. The employer accepted the agreement under coercion. The entire transaction may have been expedient in the light of necessity in the war preparedness program. The fact remains that it was illegal and vicious. The claimed right of speaking for all employees, in or out of unions, for all men, those who oppose and those who concur, this asserted right has become a vested right. The interests of organized labor are vested with wealth and power and undue influence under such high-handed practice.

One of the largest construction projects of the entire war effort (one upon which the utmost secrecy prevailed) was carried out under a closed-shop agreement which was entered into before employees appeared on the project. This agreement covered not only the twenty or thirty thousand workmen on the project. The representatives of organized labor on the project were practically given dictatorial powers over

the recruitment, hiring, and use of labor for the project. All workmen of course joined the local union organizations, paid their initiation fees and dues. Then the local, czaristic union representatives carried their requirements another long step. The project cost several hundred million dollars. A great number of subcontractors was required. The union representatives made the demand that no subcontractor be used if his union labor relations elsewhere were considered unsatisfactory to the union. In some cases the subcontractor was coerced into a closed shop agreement elsewhere (a thousand miles or more distant from the project site) in order to get workmen for his subcontract work on this military project. The unions therefore had been vested with the power to promote or defeat progress on the specific project and to influence or coerce actions on remote work which had little or no direct relation to the project.

The construction of the great tunnels in the Delaware Aqueduct for the City of New York in 1938-39-40 was carried forward under the domination of labor union czars. Here workmen or union members were restrained to certain areas or headings. If the foreman or superintendent wanted to shift a man from one shaft to another, the workman would be required to join a different local and pay new initiation fees. These fees for the various crafts were two hundred and fifty dollars and up. The tunnel shafts in some cases were as far as a mile apart. These construction projects were under the domination of Joseph S. Fay and James Bove, previously referred to in this chapter.

These cases and incidents could be prolonged indefinitely. Unfortunately those cited are truly indicative to the character of too large a portion of the activities of organized labor. The dictatorial power of union

leaders, aided and abetted by a "labor" government, has subverted the entirely laudable aims of labor unions into a travesty of their theoretical character. Another class of absentee landlordism has been created which is both vicious and greedy and which preys at will on the income of the average wage earner, violates the principles of private ownership of property, and reduces the productivity of both labor and capital. Under this absentee ownership there is an almost complete lack of collective bargaining. An employer no longer treats with representatives of his own employees. Professionals from the outside, unattached to any specific group, muscle their way in and lead any negotiations which occur. The employer is probably prohibited by governmental regulation from dealing directly and exclusively with his own employees who should be familiar with the conditions of their employment, its past record, the character of the plant and the business in which they are engaged, and the condition from time to time of the company's prosperity or lack of it. All this is ruled out. The employer and employees must be saddled with restrictive regulations; wage scales are fixed, employees become pawns of the unions, crafts are separated and straight-jacketed. *This is all done under the mandate of the absentee owner of the right to work. His office is at the labor temple.*

Dr. Leo Wolman for eleven years was in the service of organized labor as Research Director of the Amalgamated Clothing Workers of America. Subsequently he became Professor of Economics at Columbia University. Recently Dr. Wolman wrote a series of editorials on current labor problems for the *Washington Post*, from one of which the following is an excerpt:

"The closed shop is the climax of a Union's efforts to win recognition and status." (That is, it has ac-

quired a vested right and it becomes a vested interest.—Author's comment.) "Once the Union has wrested this major concession from the employer, it is in a position to begin to apply its full power to the processes of collective bargaining. At that point the transfer of rights and power from management to organized labor, which is the essence of collective bargaining, makes real headway for the first time. Thereafter the right of management to make decisions on a score of matters affecting the conduct of the business and the shops is progressively and cumulatively restricted and more and more authority passes into the hands of the Union and its officers. To this development the closed shop is the key."

The United States Chamber of Commerce recently issued in letter form to its members a statement of its labor policies as approved by a membership vote of 2658 to 42. One of the outstanding features of this statement of policy, is the section dealing with the right to work, which reads as follows:

"The right to work should not be curtailed, abridged, or denied in war or peace. Thus, the right to obtain employment and to remain in employment should not be conditioned upon membership or non-membership in any organization or upon payment to anyone. Closed-shop provisions in collective bargaining union contracts violate this principle and accordingly should not be sanctioned."

A conservative and highly charitable statement on the current problems of organized labor and its behavior was made recently (early part of 1944) in the *Engineering News-Record* in an editorial by James H. McGraw, Jr., president of the McGraw-Hill Publishing Company, Inc., as follows:

"Today labor is going through a stage of empire building reminiscent in some ways of a similar state in business three-quarters of a century ago. Witness the same buccaneering spirit, the same concentration on selfish interests, and the same disregard for the public welfare. Business leaders learned the hard way that the public will eventually rise up against those who prey upon them. Will our labor be wiser? The right to collective bargaining to protect the weak position of the individual employee is one thing—but the grant of unlimited monopoly privilege to combine into a private government which can dictate its own terms to businesses, industries, communities, and even to the government itself, and which can start a wage-price spiral such as to hinder the war effort and make full prosperity impossible in time of peace is something quite different. We need to find a middle way which will prevent employers from exploiting employees but which does not sow the dragon's teeth. The exercise of arbitrary power by labor threatens not only business, but also all workers outside the unions and all those dependent on pensions and savings for their existence, and ultimately, of course, the well-being of union workers themselves.

"The idea that the labor problem can be solved if great, powerful organizations of employers will sit down with great, powerful organizations of labor is a delusion. If our experience in the N. R. A. and in the war teaches us anything, it is that the best that can be expected in the long run from such a situation is an armed truce with intermittent civil war. And every truce would be a monopolistic arrangement to take advantage of those not members of the great organized groups. Business and labor unions, whenever confronted with postwar readjustments that are unfavorable to them will be sorely tempted to pro-

tect their own special interests at the expense of the public. There will be efforts on the part of businesses, abetted by labor unions, to limit productive capacity, to raise tariffs, to obtain subsidies, and to maintain prices at artificially high levels. The unions will oppose labor-saving changes and will seek higher wages even in areas and industries of surplus labor. Already demands are emerging for direct joint action by business, labor, and agriculture to solve the transition problems of special concern to them. While these groups should have every opportunity to register their own self-interest, we cannot entrust our fate to decisions made by pressure groups. If experience is any guide, such coalitions will be almost certain to restrict opportunities for progress and expansion, to exploit the public, and ultimately to injure even the businesses, workers, and farmers included in them. We cannot afford a postwar N. R. A. Resort to temporary government regulation in the transition from war to peace may, however, be necessary in cases of great hardship."

Political action within the next few years will indicate the position of the vested interests of organized labor for the immediate future.

Any real reform of organized labor's practices will involve positive and even drastic action by our law-making bodies. The present arrogance, the unbridled power and the irresponsibility of union labor will make real reform a difficult task. Remedial measures, if effective, will include:

A gradual restriction of the field of organized labor's operation to the problems of employment as they exist between employer and his employees. Organized labor should relinquish its position as a quasi governmental agency and political catch-all for all types of social and economic problems;

The elimination of industry-wide or national collective bargaining agreements as obviously being in restraint of trade; and as being in violation of the basic tenets of genuine collective bargaining between employer and employee;

The outlawing of closed-shop agreements unless such agreements carry the unanimous consent of the employees affected;

The placing of responsibility on union labor and its leaders for compliance with the terms of their own collective bargaining agreements;

The requiring of financial accounting from the unions. Reports should be made to the United States Treasury and should be available to all members of the union concerned;

The outlawing of the secondary boycott, "hot cargo," "featherbedding," and mass picketing;

The refusal of unemployment benefits to those voluntarily on strike.

None of these measures will injure the due processes of collective bargaining between employers and employees. They will cut deeply into organized labor's arrogance, unbridled power and irresponsibility.





## CHAPTER X

# BURGEONING GOVERNMENT

*"Every actual state is corrupt."*

—EMERSON

ESSAYS, SECOND SERIES: POLITICS

The actual size of our government and its proportional importance in the life of the nation both reached a zenith during the Second World War. More than three millions then served on the federal government's civilian employee list. Between eleven and twelve million more served in the armed forces and lived on federal pay. Another three million civilians served state and local governments. Here were eighteen million out of a total labor force of between sixty-five and seventy million. The federal government took through taxation approximately a third of the nation's total income in 1944. It spent, and therefore borrowed against future taxes, another third. State and local governments took an additional eight billion. Of a necessity the laws, directives, orders, and activities of the government heavily influenced the lives of all its citizens, young and old.

Every governmental agency, with few exceptions, is eager to grow in size and influence. The Department of Agriculture, the Bureau of Reclamation, the Tennessee Valley Authority, the various tax offices, the Department of Justice, departments of public welfare, pensions, food inspection, the harbor boards, Army and Navy Departments, patent offices, and the thousand-odd special agencies, all have a perpetual

urge to expand. This urge is not new. It has existed since the founding of the Republic. The important and unusual fact is that the urge was strengthened and satisfied during the twelve-year period 1933-1945 as it had never been before. Budget control had theretofore restrained that urge. No governmental department or bureau could grow much without increased appropriations. Congress had, in one way and another, curbed such increases, had opposed and fought them off. Economy drives by one group or another had kept government within bounds. With the New Deal the restraint was off. Money lost its significance. The single control which had heretofore checked the ever-present urge to expand, this single line of defense fell and government boomed as it had never boomed before in all our nation's history.

Virtually all elective officers seek re-election and continued tenure of office. Few voluntarily retire. These men, while in office, are under continuous pressure to enlarge the size of government through the placing of friends, party workers, constituents, and even relatives on the government payroll. The size of government, under this pressure, is constantly expanding. This expansion may be, and frequently is, entirely separate from natural and legitimate growth requirements. Virtually all political pressure is in one direction, toward expansion. Past growth becomes fixed and inflexible. Present and future growth is accretionary. The structure of government becomes immobile and clumsy and the interests of those on the public payrolls gradually become vested with permanence, power, and privileges.

Now the position of the appointive and hired leaders and groups of leaders among government employees is even more definitely turned toward expansion of government than is that of the elective offices or posts.

Political pressure is largely responsible for the expansion in the elective offices. Economic pressure and personal ambition develop the expansion under the appointive and hired leaders and groups of leaders.

Generally speaking, two specific developments within governmental agencies bring about increased pay and increased power or personal aggrandizement for those within the agencies. These two developments are first, the element of time or tenure and second, the enlargement of the agency, bureau, division, or governmental group under consideration. Continued tenure generally brings slow but perceptible raises in pay and improvement in personal position. Rapid enlargement of the particular agency or group is more likely to bring promptly the same or greater increases and improvement. In the face of this, will there be any question as to the attitude of the group leader regarding the expansion of his or her group? Promotion due to expansion or enlargement was particularly noticeable in the gigantic War Production Board and the Office of Price Administration during the early years of the Second World War. The ambition of the average new employee was to get a personal desk, then a secretary, then an assistant, then another, and another, until finally, four, six, eight, or more were working on some particular phase of operations. Promotion and pay increases followed this frequently unnecessary growth in size of the operational group. This practice had a second unfortunate result. Industry, agriculture, creative activity in general the country over, was beset with inspectors, report requirements, investigations, and other impediments to a degree undreamed of a few years before the War.

Job security for the general run of government employees is well established. Discharge or expulsion is practically unknown. Advancement will depend

more on length of service than upon ability or productivity. The individual employee's position is relatively secure and the common incentive for industriousness and ingenuity is thereby lacking.

Public employment is something like a narcotic. It becomes habitual. Even the poorly paid workers of W. P. A. were, in large part, willing to continue in such employment. The public employee who moves back into private employment is exceptional. Evidence of this is the record of thousands and thousands of government employees who have followed the changing fortunes of the alphabetical agencies during the years since 1933. As one agency is curtailed or cut off by Congress or reorganized by the Administration, the employees move into the agency's successor or into a kindred agency.

Government thus grows by accretion, which accretion is at least partially involuntary. The growth of a coral reef is no more irregular than the growth of a government. Unfortunately any retarding or correcting influence is desperately resisted by the inertia of society and the antagonism of the vested interests of government itself. Violence alone seems to be able to eliminate the old dead growth or sluggish mass of any governmental organism. Whereas private or free enterprise is self-cleansing to a considerable extent, the accretions of government are usually blown away or demolished only by cataclysmic events. We had rather a peaceful revolution in our own nation during the early years of the thirties. The violence, therefore, was not sufficiently strong to demolish much of the dead wood of past governmental errors, or of the rotten growth of an existing listless bureaucracy. The reformers simply built upon or added to the conglomerate mass that had been formed before the New Deal was born.

Illuminating statements are made by Lindsay C. Warren, Comptroller General of the Treasury, one on April 20, 1945, and another on September 5, 1945. The Associated Press dispatch reporting these statements in brief read as follows:

"WASHINGTON, APRIL 20 (AP)—Wholesale amputation of government agencies with a 'bush-ax or a meat cleaver' was recommended today by Comptroller General Lindsay C. Warren.

"Testifying before a Senate banking and currency subcommittee in favor of a bill to bring all government corporations under the financial control of Congress, Warren said:

"If the present trend of creating government corporations continues or is not curbed, we will soon have a government by government corporations."

"Asserting there are 101 government corporations, Warren said:

"They are largely independent of Congressional control and free from accountability to the executive. This thing we call government . . . is sprawled all over the lot.

"It has become greater than Congress, its creator, and at times arrogantly snaps its fingers in the face of Congress.

"The most necessary thing I know of today along governmental lines is a thorough-going reorganization of the executive branch of government. It should be done scientifically.

"But once the decision is made then a bush-ax or a meat cleaver should be used'."

"WASHINGTON, SEPTEMBER 5 (AP)—Comptroller General Lindsay C. Warren today described the present governmental setup as 'a hodgepodge of duplications, overlappings, inefficiencies and inconsistencies.'

"The official, often referred to as 'the watchdog of

the Treasury,' told Congress they'd never reorganize the government in 100 years so they'd better let President Truman do the job.

"Testifying before the House Expenditures Committee, which is considering proposals to streamline the government, Warren gave this picture of the Federal establishment:

"1. The transportation field is divided among 75 bureaus, divisions and agencies. The government's travel and freight bill last year was as much as it cost to run the whole Federal establishment thirty years ago.

"2. Public housing is financed by 15 agencies.

"3. Labor relations are spread over eight departments and agencies.

"4. A dozen bureaus and departments are involved in administration of government land.

"5. There is 'an obvious conflict' between the functions of various agencies concerning aid to the States in care of dependent children.

"6. Two government corporations 'are doing a thriving customs business' in addition to the Bureau of Customs.

"7. There are at least 12 Federal retirement systems, each with its own rules.

"Warren said the instances cited 'are merely a drop in the bucket of things which the President should be empowered to look into and remedy'."

The accretionary growth of government is clearly exemplified by the formation and growth of a certain important publicly-owned utility in a large western city. It is one of the more important of such utilities in the nation. It produces or develops and markets power and water. It was formed some forty years ago.

The utility steadily grew in size and complexity. Eventually the citizens' Board, appointed regularly to

administer the utility, became helpless in the face of opposition or indifference from the vested interests of the management and the employees. The annual audit or report, published for the people to see, became an uninteresting and insoluble enigma to the ordinary man.

The utility gradually began to expand its activities. Whereas it had originally been formed to manage the development of water and power for the people, it now began to go into the businesses of construction and manufacturing where those activities tied closely into its work as a public utility. The utility gradually became an independent vested interest which served first of all the personnel of the utility. It lost its primary character as an agent of the people.

Today this utility is served by many capable and honorable men. Many good workers fill different posts and offices and perform the tasks to be done. Merit, as a basis for advancement, is, however, losing its force. Tenure is having its way. Political influence has put in its appearance. Indecision is everywhere. A division head or superintendent may have ample power to act, but his power is nullified by a similar and equal negative power shared by several other men. Men in important posts hesitate to take action or make decisions. Affirmative action is subject to the ever-present *danger of criticism. Inaction is safest.* The payrolls grow and grow in size. Discharge without cause is unthinkable. Discharge with cause is not practical. The entire huge, unwieldy mass lumbers along under its own inertia. It is largely uncontrolled and unguided by either its citizen Board or its managers. It is thus that government and its agencies grow.

Congressman Karl E. Mundt of South Dakota in a discussion of "The Growth of Administrative Pro-



cess" before the House of Representatives on June 9, 1944, said in part as follows:

"The number and variety of administrative agencies now in existence and their different procedures, can best be realized by a review of their development.

"For a period of 143 years from 1789 to 1932, such government agencies totalled about 15, excluding the emergency agencies of the First World War.

"For the seven years from 1932 to 1939, at least fifty-one new government agencies emerged. The years from 1939 to the present time witnessed the addition of many more agencies, necessitated by the period of war emergency.

"The first major regulatory agency of the Federal Government was the Interstate Commerce Commission, created in the year 1887. Then followed the Food and Drug Administration in 1906, Postal Savings System in 1910, Federal Reserve System in 1913, Federal Trade Commission in 1914, National Advisory Commission for Aeronautics in 1915, United States Tariff Commission in 1916, also the Shipping Board in 1916, predecessor of the present Maritime Commission, Federal Power Commission in 1920, Federal Intermediate Credit Bank in 1923, War Finance Corporation in 1924, also in 1924 the Inland Waterways Corporation and the Board of Tax Appeals, and in 1926 the Railroad Adjustment Board and the Federal Radio Commission.

"During the ensuing period, from 1932 to 1939, there was, first, the Reconstruction Finance Corporation in 1932. The following year, 1933, witnessed the addition of fourteen: The Farm Credit Administration, Civilian Conservation Corps, Federal Emergency Relief Administration, Tennessee Valley Authority, Agricultural Adjustment Administration,

Home Owners' Loan Corporation, Federal Home Loan Bank Board, Public Works Administration, Federal Deposit Insurance Corporation, Export-Import Bank of Washington, Federal Surplus Commodities Corporation, Executive Committee on Commercial Policy, National Emergency Council, and Central Bank for Cooperatives. In 1934 an equal number of fourteen were added: Federal Farm Mortgage Corporation, Securities and Exchange Commission, the Commission on Trade Agreements, Foreign Trade Zones Board, Federal Communications Commission, National Mediation Board, the Committee for Reciprocity Information, Federal Housing Administration, Federal Committees on Apprentice Training, Federal Savings and Loan Insurance Corporation, National Power and Policy Committee, Federal Prison Industries, Inc., Federal Savings and Loan System, and Railroad Adjustment Board. In 1935 an almost similar number, thirteen, were created: R. F. C. Mortgage Company, Resettlement Administration, Works Progress Administration, National Resources Committee, National Youth Administration, Rural Electrification Administration, National Park Trust Fund Board, National Labor Relations Board, Social Security Board, Electric Home and Farm Authority, Prison Industries Reorganization Administration, Federal Alcohol Administration, and National Munitions Control Board. In 1936 the United States Maritime Commission was established. In 1937 there were two added: Disaster Loan Corporation and Railroad Retirement Board. In 1938, six more were created: Civil Aeronautics Authority, Maritime Labor Board, Federal Crop Insurance Corporation, Federal National Mortgage Association, United States Film Service and the Radio Division of the National Emergency Council.

"All the foregoing regulatory agencies emerged be-

fore the critical state of international affairs introduced the defense program and war agencies . . ."

The growth of our Federal Government within the past fifteen years as indicated above has been phenomenal. The size of the Federal payroll, that is, the number of employees for these years, is given in the following table. State and local government payrolls are also indicated. These figures are, of course, exclusive of members of the armed services and those on relief.

TABLE III  
GOVERNMENTAL EMPLOYEES

	Federal Payroll	State and Local Payroll
1901	* 256,000	
1911	* 391,350	
1918	* 917,760	
1920	* 691,116	
1925	* 532,798	
1929	563,000	1,567,000
1930	612,000	1,614,000
1931	590,000	
1932	584,000	
1933	589,000	1,508,000
1934	684,000	1,537,000
1935	750,000	1,588,000
1936	828,000	1,682,000
1937	848,000	1,783,000
1938	859,000	1,887,000
1939	924,000	1,960,000
1940	1,032,000	2,055,000
1941	1,385,000	2,061,000
1942		‡3,238,000
1943	†3,008,519	‡3,178,000

All figures except those noted are from Economic Almanac of the Conference Board.

\*—U. S. Statistical Abstract.

†—Senator Byrd's Senate Committee Pamphlet No. 66.

‡—U. S. Bureau of Census. Government Employment. (These items obviously include employees in some public services not included in Economic Almanac's Reports.)

The Civil Service Commission reported Federal Civilian employees as of July 1, 1944, totalling 3,312,000.

The power and emoluments of the individual government employees are insignificant. In great part such employees are poorly paid and exercise little authority. The vesting of their interests with permanence and security is bought at a cost to society which is low in direct costs but high in inflexibility and immobility and indirect expenses. The group becomes set and fixed in its practices and procedures. Its one great power is that of negation. Inactivity and "passing the buck" gives the group an influence which is indeed powerful. The group and individuals of the group lack the power of affirmative action, but they can delay and sometimes stop a great variety of developments or actions. Routine forms and reports, unattended, rest in pigeonholes the length and the breadth of the land. The consequent delay influences the nation throughout its economic life. The securing of necessary multiple approval within and between departments is exasperatingly slow. This has been the history of government. It is nothing new. Only the present great size of this cumbersome arrangement is new to us at this time.

It is important to remember in considering these employment statistics that the total population of the continental United States in 1940 was 131,669,275, according to the Federal census. The maximum number of employables was about sixty-five million in 1943. Thus it will be seen that in that year, 1943, there was approximately one Federal Government employee to every twenty-one employable persons in the nation. This figure ignores those engaged in pseudo Federal activities such as the Tennessee Valley Authority and various other assertedly self-supporting units,

and it likewise ignores those employed in state and local governments. It, of course, is exclusive of those in the armed services. If all persons, including the military, in the service of the Federal, the state and local governments are included, then we find that about one employable to every four in the nation's employables was being paid with tax money or public income in 1943.

Tax collections indicate clearly the growth and the size of government. The following table shows the national income, the total of Federal revenue and state and local tax collections for recent years:

TABLE IV

	National Income	Total of Federal Taxes	Total of State and Local Taxes
1915	\$ 32,533,000,000	\$ 629,000,000	\$1,862,000,000
1920	* 69,800,000,000	5,735,000,000	3,476,000,000
1925	* 74,800,000,000	2,974,000,000	4,918,000,000
1929	* 83,326,000,000	3,337,000,000	6,431,000,000
1930	* 68,858,000,000	3,479,000,000	6,798,000,000
1933	* 42,322,000,000	1,793,000,000	5,715,000,000
1934	* 49,455,000,000	2,897,000,000	5,881,000,000
1935	* 55,719,000,000	3,551,000,000	6,185,000,000
1936	* 64,924,000,000	3,849,000,000	6,660,000,000
1937	* 71,513,000,000	4,765,000,000	7,168,000,000
1938	* 64,200,000,000	5,404,000,000	7,437,000,000
1939	* 70,829,000,000	4,806,000,000	7,367,000,000
1940	* 77,574,000,000	4,911,000,000	7,707,000,000
1941	* 96,857,000,000	6,880,000,000	8,094,000,000
1942	* 121,568,000,000	12,285,000,000	
1943	* 147,927,000,000	†22,281,642,708	‡8,521,000,000

A press report appearing in the *Los Angeles Times* of January 2, 1945, read as follows (this item refers to all citizens, not merely those who are employable):

Note: All figures except those noted are from the *Economic Almanac* 1942—The Conference Board.

\*—Survey of Current Business—Bureau of Foreign and Domestic Commerce.

†—World Almanac of 1944—New York World Telegram.

‡—Federation of Tax Administrators.

"Nearly 1 in 20 Americans on Public Pay Roll. WASHINGTON, JANUARY 1 (AP)—Nearly 1 person in 20 is on a government payroll in this country.

"There are 155,116 separate, active governmental units in the United States, the Census Bureau reported today, with 6,503,000 civilian employees as of October 1.

"The total includes 1,306,000 teachers and other school employees.

"Half of the total, or 3,335,000, are on the Federal payroll."

Federal taxes increased tremendously during the two following years of 1944-1945.

An indication of the size and complexity of the Federal tax bill was given by a United Press dispatch appearing in the *Los Angeles Times*, May 19, 1945. This item was later widely confirmed. It read as follows:

"Revenue Help to Grow (UP)—Secretary of Treasury Henry Morgenthau, Jr. announced that Internal Revenue Bureau personnel will be increased by 10,000 to combat what he called 'shocking violations of the internal revenue laws.' Last week Morgenthau said he was asking for an additional 5,000 men to work in the Treasury's drive against war-rich income tax evaders. Today, however, he said there is a need for even more men to run down tax violators." More than ten thousand *additional* people needed simply to check tax payments.

The present confused condition of our national debt makes it impossible for any person to state its exact size. Contingent obligations, foreign transactions, lend-lease and war debts make any statement as to the total amount of our national debt very questionable. The total at the end of the '45-'46 fiscal year will not be far from three hundred billion dol-

lars. This total approximates the appraised value of all tangible properties in the nation. In other words, the Federal debt equals the value of the nation's tangible wealth. This impressive fact should bring home to any student of American affairs the conviction that government, our government, has overrun itself. Government has truly become the dominating influence in our lives.

The growth of our government and its activities had proceeded slowly until the time of the Civil War. This growth then crescendoed. The expansion receded thereafter, however, and at the opening of the First World War (1915) the annual appropriations of the Federal Government totalled only \$1,122,471,919.00. These then again swelled and again subsided and the average annual appropriations during the 1920's were \$4,463,500,000.00. The tremendous appropriations and deficits of the New Deal Era are, of course, known to every reader.

The expansion of the definition of interstate commerce has further enlarged the area in which the Federal Government operates. There is in reality no longer any important field of intrastate commerce. The older definition restricted interstate commerce to those activities where actual traffic in, and transportation of, goods were carried on across state lines. A lumber mill in operation within a state was in intrastate activity, likewise a canning factory or a large manufacturing unit. That is no longer necessarily the case. According to present doctrine, if that old-time intrastate activity materially affects interstate commerce, it then *ipso-facto* is in interstate commerce. If it uses more than 50 per cent of interstate commerce goods in its manufacturing operations or if it supplies more than 50 per cent of its finished product to an-

other factory or industry in interstate commerce, it is likewise classified as interstate.

Many such loose approximations are used by various governmental agencies such as labor boards, in reclassifying and defining interstate commerce. The twilight zone between interstate and intrastate commerce has been moved a long way and this move has crowded the intrastate activities into a narrow segment of the whole area of commerce and industry. If commerce or industry of any size or class materially affects the nation as a whole or affects interstate commerce, then it likewise is presumed to be interstate in character and subject to Federal regulation.

Another important manifestation of the growth of the central government has been the change in the attitude toward the relief of distress, care of the aged and infirm, and the growth of the national benevolences. These matters were originally the problems of individuals and the immediate communities wherein those individuals lived. They gradually became problems of states. Bad politics, constitutional restrictions over state control and the apathy of the Federal Government toward clearing up the responsibilities, and the privileges of states and Federal Government in these regards finally pushed the problems of relief into the national arena where they landed with full impact in the lap of the New Deal in 1933. Also responsibility for and care of World War I veterans during the previous fifteen years had much to do with the Federal Government's assumption of the problems of relief of general distress and unemployment, during the depression of the early '30's. In any event, the tremendous ballooning of Federal interest in these problems during the 1930's reached the following proportions:



TABLE V

	Federal Government Public Assistance and Federal Works Programs, Total Assistance and Earnings. Figures Exclude Cost of Administration, Materials and Equipment, etc.	Number of People Directly Affected—i.e., total number of people in households of recipients of such public assistance.
1933 .. .	\$1,223,329,000	23,375,000
1934 .	2,380,865,000	24,122,000
1935	2,532,512,000	20,764,000
1936 .. .	3,119,013,000	18,602,000
1937 .	2,653,918,000	15,460,000
1938	3,236,600,000	21,286,000
1939	3,185,447,000	16,861,000
1940 ..	2,723,408,000	14,807,000
1941 .	2,227,404,000	10,370,000

Statistics from U. S. Statistical Abstract for 1944.

The policies of the Federal Government during these years have created a general condition and attitude on the part of the people which will cause their expectation of a much enlarged Federal Government expenditure and activity in the same direction after World War II.

Postwar plans for public works of all classes the nation over, are largely based on the assumption that Uncle Sam will foot the bill, sponsor, and probably run the show.

A further indication of the bigness of government is the extent to which government is in business and economic activity, owning and managing properties. This burgeoning of government had quiet beginnings during the second decade of the century. It increased greatly during World War I. It thereafter subsided somewhat only to be revived during the New Deal Era. It has swollen to unprecedented limits during World War II. Along with this uneven growth in the Federal Government has been a much steadier growth of local and state governments in business

activity. The utilities have naturally been the greatest field but the growth has not been limited to that area.

The government today is in big business. A news report out of Washington in the winter of 1943-44 stated: "During the past three years, the Federal Government has poured approximately thirty billions of dollars into industrial plants and equipment, into other producing and processing facilities, and into real estate.

"Government industrial ownership alone equals one-third of the total value of all private industry in the nation."

*Business Week* of June 19, 1943, in an article entitled "One-Fifth of a Nation Government-Owned," carried a section which read as follows:

"How the War Expansion Has Been Financed. It has never been any secret that the government has acquired a huge stake in industry as a result of the need to build up our munitions output and to expand many other lines of production to war-size—though not everyone has realized that that stake runs to a fifth of the total of our manufacturing capacity."

Differences in dates and terminologies account for differences in the tremendous sums set forth in the above paragraphs. In any event the stake or direct investment which our Federal Government has in our economic system is now gigantic. State and local governments own large additional properties. It will require extraordinary zeal and watchfulness to return any appreciable portion of this stake to private ownership. Government has acquired a direct and vested interest in industry, trade, and commerce.

Hayek, in his "Road to Serfdom," cited the fact that Germany in 1928 controlled 53 per cent of the national income.\* This 53 per cent served to control

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\*ROAD TO SERFDOM by Friedrich A. Hayek. University of Chicago Press, 1944. Page 61.

the entire nation. With the present economic controls exercised by this government, the vast amount of the annual tax bill and the direct ownership of business properties, the critical point may be very close in our own country.

It appears that our government, operated and financed by taxes levied on the people and their earnings, is destined gradually to disappear from the scene. There is even now appearing a government which is no longer able to tax at a rate equal to its expenditures. This condition has prevailed for fourteen years. As and if the stake of private ownership dwindles, the tax rates on the residue of private property will increase and probably the revenue for the government will continue to fall short in increasing measure. The government will continue to borrow against the future. Then eventually there will be either a drastic devaluation of the dollar, a cancellation of debts, or a breakdown of the financial structure.

Alexander Hamilton in "The Federalist," in arguing for the acceptance of the then new Constitution, made the following statements regarding executive powers. "The essence of the legislative authority is to enact laws, or, in other words, to prescribe rules for the regulation of the society: while the execution of the laws, and the employment of the common strength, either for this purpose or for the common defense, seem to comprise all the functions of the executive magistrate."<sup>4</sup>

No extended knowledge of public affairs is required to realize the great changes which have occurred in our national government in this connection (the position of the Chief Executive) and particularly during the past fourteen years. Comparison of the office of

<sup>4</sup>"THE FEDERALIST" by Alexander Hamilton, James Madison and John Jay. Tudor Publishing Co., 1942. Page 81.

our chief magistrate with that of the King of England in 1787 showed the tremendous authority of that monarch as opposed to the then limited powers of our President. Today the situation is emphatically reversed.

The executive branch of the government initiated and guided most of the important reform legislation of the past fourteen years. Vast powers of appointment were thereby added to those already belonging to the President. Government by administrative order became the practice of the day. Most of our New Deal labor policies were carried out under executive mandate quite independently of any legislative enactment. Execution of the various tax and fiscal measures were carried out under executive orders which in many cases literally outran the will and intent of Congress.

The volume of laws and directives issued by government is another manifestation of big government which volume of law is at once both a cause and an effect. This volume has been so vast and so confusing that the citizen, the man in the street, virtually knows little and understands less of the workings of his government and the demands that it is making upon him and the country. Over-legislation is a far-reaching and profoundly influential result of big government.

Legislative enactments of Congress for the years 1933-1943 are shown below:

TABLE VI

1933—105	
1934—870	1939—721
1935—840	1940—941
1936—884	1941—649
1937—904	1942—836
1938—855	1943—383

To these must be added the hundreds of executive directives which have sprouted from a wide variety of administrative bodies. Executive orders from the President alone totalled 1,097 for the years 1940-1943 inclusive. From these stemmed hundreds more of lesser prominence but often of greater total importance.

Stanley High was one of the earlier supporters of the New Deal but later broke away somewhat from the leftist and authoritarian practices of that political grouping. In the *Saturday Evening Post* of September 30, 1944, Mr. High traced fully and carefully the growth of executive directives, orders, etc. The *Federal Register* which contains the full draft of such administrative law grew as follows: In 1936 it contained 2,608 pages; 1937, 3,446 pages; 1939, 5,006 pages; 1941, 6,876 pages; 1942, 11,079 pages; 1943, 17,544 pages.

From March, 1936, to June, 1944, there were 62,202 pages setting forth 76,541 directives, grants, orders, permissions, and prohibitions.

There is utter futility in any attempt either to follow, to understand or to carry out this mass of governmental decrees. Simplicity is a lost art in our government.

All of these laws, edicts, directives, and executive orders, comprise a mass of legislation entirely beyond the comprehension of individual man. Men, seeking to inform themselves, group together, each taking a share of the field of inquiry for his individual task, and even then they are totally unequal to the task of keeping pace with these rapidly appearing new governmental regulations.

An astonishing state of affairs in this connection is indicated by the recent speech of an attorney from the appeals division of the chief council of the Bureau

of Internal Revenue. This representative, in speaking of so-called administrative law or directive which has the force of law, coming from the executive branch of the government, said in part:

"Are the lawyers of this country going to take full advantage of their opportunities in administrative law? It is the most rapidly expanding area of law practice today. There are some 217 special courts, bureaus and commissions which today decide upon and administer various Federal laws directly affecting citizens and business firms in this country.

"Administrative law, through the Federal Communications Commission, regulates the programs you hear on your radio and determines the use of the telephone and telegraph in our country today. Administrative law, through the Federal Trade Commission, determines various trade practices within the industries of this nation. Administrative law, through the O. P. A. and other departments, regulates what food you may buy and what you may pay for it."<sup>\*</sup>

The speaker's principal concern in this discussion was the greatly expanded market or field of activity for lawyers and attorneys. The dangers and evils of administrative law, the complicating effects of such law on the life of the nation were alike ignored. The character and functioning of this law is today a subject of concern to every thinking American, to every patriot, and to every defender of individual liberty.

It may be stated with certainty and with complete truthfulness in the light of the foregoing that the heavy tread of government follows everyone these days. Month after month, year after year, government takes more of our income, regulates more of our

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<sup>\*</sup>From a speech made by Miss Marguerite Rawalt before the Texas Bar Association as reported in Westbrook Pegler's column in the Los Angeles Times of April 7, 1944.

actions, controls more of our destinies. War or no war, preparedness or no preparedness, these statements are still true. The evils of concentrated wealth are being augmented or replaced with the greater evils of pressure groups and bureaucratic control. Washington, Jefferson, Lincoln, and Wilson were alike in opposition to the suffocating, octopus grip of government over men. Within the past twenty-five years, however, the social, moral, and economic weakening of individual man has been paralleled by a steady and accelerated growth of government.

## CHAPTER XI

### DESIDERATA

*"Progress, man's distinctive mark alone,  
Not God's, and not the beast's;  
God is, they are, man partly is and wholly hopes to be."*

— ROBERT BROWNING  
"A DEATH IN THE DEBART."

Freedom is the fountain head, the source of man's progress. This includes his moral, spiritual, intellectual, and to a great extent his economic progress. Freedom is a basic value of life and is one of the first concerns of man. Great numbers of men have insisted on it prior to their demand for basic economic values. That is, that men, from the beginning of time, have insisted that their fight for subsistence has itself been aided by the forces of freedom.

A great enemy of freedom is the development or creation of an inflexible social order. Such a rigidity in the various levels of man's social organizations delays or stops the natural ebb and flow in personal relations and arrangements. The creation of such inflexibility is fostered or protected by many forms of harmful vested interests. Such harmful vested interests, of which there are many, are the enemies of man and his progress.

The men who studied so thoroughly the pages of history and the history of governments and then proceeded to work out the framework for our own republic were seeking to establish a form of society which would be as free as possible from vested or



intrenched interests. This ambition was not only aimed at keeping the power of government at a minimum among men. It was aimed at the establishment in this country of the individual values and liberties of the English *Magna Carta* and Bill of Rights. It was aimed at the prevention of disproportionate growth of particular interests or groupings of interests or groupings of people. These founders intended to prevent the special or vested interests of religion, the military, inheritance, or government from continuously controlling the fortunes of men. They intended to prevent these fixations of special interests by endowing individuals with guarantees of their personal liberties. It was assumed that men thus assisted would be able thereafter to protect themselves.

It has been known by thinkers of all ages that man's position or progress can be assured by no set of laws or type or form of society. Man always possesses the implements of his own destruction and his own salvation. However, the way of the son can be prepared by the father and the sign posts of progress for a people may be erected by prior generations. The founders of our form of government attempted as much.

The fortunes of individuals ebb and flow within the definite confines and restrictions of human society within which they live and have their being. They also ebb and flow with the overall fortunes of that society. The great crises of history call on the resources of the whole of society. These crises hit all people within their wake but the strokes fall erratically and unevenly and the give and take under their impulses and pressures are uneven. There must be elasticity, therefore, within society and in individual relationships in order that the inevitable adjustments

may take place with the least of harm and the greatest of benefit to individual and group alike.

It is the nature of harmful vested interests to care for themselves to the neglect of others. Their evil, however, does not end there. Once vested with a degree of permanence and power, such interests assume the right to direct the morality, fortunes, and behavior of others. The presumptions of vested interests in speaking for others is an evil of great extent. Leaders of big business attempt to speak for all business. They frequently know not that of which they speak and they speak without the voice of real authority. Union labor leaders presume to speak for all labor. Too often their voices are those of treason to labor and the nation. Trade associations often and wrongly presume to speak for some broad phase of industry for which they have no authorization. Service organizations presume on their rights and privileges and speak for veterans, for citizens, for various groups. The evil of harmful vested interests is double-edged. Not only does it rigidify, immobilize, and stratify the positions and works of men; it likewise becomes presumptuous and insolent and insists that its voice is the voice of those whom it falsely represents.

The most rigid of our social institutions, and the greatest vested interests of the past, were those of the State, the Church, and the great land-owning families. The current laws of inheritance, present-day schemes of taxation, and direct action by revolutionary and semi-revolutionary governments have all combined, the world over, to give the great land-owning families such ruinous body blows as to threaten drastically their very existence in the modern or Western world.

The great landed estates in most cases in this nation have actually given way to the giants of industry and commerce. There have been, therefore, strong and

persistent attempts in our country during the past fifteen years to pillory these commercial classes and the corporations as the evil vested interests and as the source of much of the trouble in our lives.

The staying powers of individual commercial institutions are not particularly great over an extended period of time. The mortality rate among businesses and business institutions is very high. Commerce of many kinds and under many forms flourished during the eighteenth century. A century later most of those forms of commerce had disappeared. This cycle has been repeated over and over in our country. We have always been a commercial nation but this has not prevented the continued emergence and disappearance of thousands of firms and many kinds of commercial activity. Our greatest industries today are young industries. Occasionally some business firm boasts of a long and glorious past, but that past rarely exceeds fifty years and within that fifty years ownership has changed hands, products have changed, and strangers now walk through the old offices of the pioneers. The railroads represent our oldest important business aside from shipping and ships. No important railroad exists today which has not been through thorough reorganization at various intervals during its life. There has been no fixation of ownership or management or field of endeavor. Yet of all American businesses that of railroading should come nearest to that condition of rigidity and permanency. The railroads incidentally have been almost universally great landowners and have enjoyed powerful monopoly rights. Speaking in comparative terms, it is safe to say that the great railroad companies hold no powerful vested rights in our nation's present economy.

The fuller answer is that business, industry, commerce are all in a constant condition of flux, of ebb

and flow. These commercial activities make up the breathing of the basic economic urge in mankind. The producer and the trader have been with the human race since the dawn of man. Economic activity takes many forms but never a final nor even a very fixed form. Big business today is vulnerable and will remain vulnerable if government is alert.

Today commerce and industry are entirely too vulnerable to secure any great permanency or position of power. Already the few owners of big business have been summarily dethroned. Management and organized labor are today fighting over Mr. Morgan's industrial empire of yesterday. The owners sit back or fall back and watch their erstwhile kingdoms slip farther and farther from their grasp. Very few individuals or families or groups can, today, truthfully say, "This is my business. I operate it. I manage it. I control it. The profits from it are mine by right of ownership and proper management." Generally all such statements or assertions would be questionable, some of them completely false.

The true enterpriser, however, may and probably does fare better than so-called big business. He trims his sails to the winds. He refrains from bigness. He keeps his enterprise in a liquid state. He gives and takes, as all business should do, and has finally been forced to do, throughout history. He produces those things which people want and does those things for which there is a need. He is no philanthropist and he may be a hard bargainer. He will continue to live because he is the enterpriser, the implementation of man's persistent urge to trade, to make, to buy and sell. His more important brethren among the giants of industry, however, who have attempted to fix their position, endow their importance and perpetuate their power, will inevitably crystallize and fall of their own

weight, or be destroyed by an outraged people looking for a victim.

We must conclude that business and commercial institutions in particular or in general are not the powerful enemies of our society. The big ones are easy prey to the demagogues, to an opposition government, and to destructive tax levies. The little ones wield no great political power and exert no important destructive influence. Also, it is important and well to remember that business, big or little, has quite generally and continuously acknowledged the fact that in order to prosper and make profits, there must be economic activity, trade, production, exchange of goods, creation and disposition of wealth. Many of our alleged liberals of the present era blithely ignore this basic condition and all-important requirement.

An off-shoot of man's innate economic urge has appeared and developed within the last one hundred years. It is called organized labor or labor unions. Its origin was legitimate and it came as the result of a great need. It is, however, prostituting itself at the present time and welding shackles on our economic structures. It is already speaking with the voice of presumptuous authority and with the attitude of an imperious and divine ruler.

Men quarrel about the right of labor to organize. The dispute is childish. Of course labor has such a right and if the rights of labor in more important directions such as job security, fair wages, safe and healthy working conditions, and fair treatment cannot be attained in other legitimate ways, the right to organize becomes an obligation to organize. There is serious controversy, however, over the question as to whether all the justice which labor has achieved through labor unions could not have been better se-

cured through the actions of an enlightened and active electorate.

The "rights" of labor to strike, to mass picket, to employ the secondary boycott, to destroy "hot" cargo, to force the closed shop and the maintenance of membership and the check-off are all anti-social rights and it is questionable if in the light of history they will stand up as rights at all as they are practiced today. Each and every one of these "rights" is used with violence or enforced under coercion or enjoyed at the expense of general justice and economic well-being.

This "organized labor" off-shoot of economic activity is in these days allying itself with politics and employing its strength through government. The vested interests of union labor are joining themselves with the vested interests of government and the result of such an alliance is not yet clearly nor completely seen by our citizenry.

The great vested interests of the Church present still a different problem. Fortunately, the Church, in our own country at least, generally exerts a beneficial influence. Mankind, in places, has civilized his Church even though the Church may not as yet have civilized man.

The vested interests of the State unfortunately represent a different and ominous matter. That portion of the State which is politics has no conscience except that of political expediency. The truth is not used if a falsehood serves better. Justice is ignored if injustice assists re-election. Public safety and the general welfare are forgotten unless an enlightened and active electorate demands attention for these matters. The agent serves not the interests of his constituency, but the interests of his party and its return to or its retention of power. The State becomes not the servant of the people, but their master and most important of

all, the State rigidifies and fixes itself. Reforms within the State come with great travail or not at all. The people are straight-jacketed with unwieldiness and with all the evils of that much overworked word, bureaucracy. The institution of man which is most immobile, most resistant to change, least willing to accept and act upon intelligent advice is civilized man's most essential institution, government.

The growing scope, authority, and size of government raise the question in honest men's minds as to whether there is any satisfactory counter action against Collectivism and the growing power of the State. It is true that there are simple solutions, but they are so obvious and common that they have come to be treated with disrespect in a world which has suddenly become very complex and difficult. Likewise these answers are generally in opposition to current trends.

Simplicity is an out-of-style virtue, whether it be in our general scheme of government, in the specific field of taxation, in our many elections, in our law enactment or enforcement, in rationing, soldier voting, or relief policies. Yet simplicity is almost a requirement if free government among free men is to live.

Directness is another lost characteristic. It has been obvious for many years that social security is a "must" in our industrial society. The issue has been presented to the public, the stockholders who pay the bill, in every character of dress except the direct and clear one. A thousand politicians kick the problems of one hundred and thirty-five million Americans from pillar to post and then finally come up with some controversial issue, the disposal of which enables some candidates to remain in office and prevents the entry of others. There are many great problems be-

fore the American people today that need direct and intelligent handling. Wooling these problems around in political squabbles and campaigns is treason to the Republic. Yet today this practice is a commonplace.

We are today all aware of the fact that government must play a greater and greater part in an extremely complex society. It is part of the penalty of an advanced society. Years ago Spain employed private ship owners to serve as the nation's navy. What intelligent man would propose such a practice today? Government falls a natural heir to problems of money, taxation, social security, health, education, and of the police power which were unthought of one hundred years ago. We should accept these conditions and our government should inform us clearly and directly of its position and its intentions. Instead of such directness we see government today engaging in a maze of activities which range from proper exercise of the police power to downright Collectivism in open defiance of the Constitution. It excuses itself by the retort that the people acquiesce and, therefore, approve. The people acquiesced to Mussolini, to Hitler, to Tojo, to Stalin's purges, to Colonel Peron, and to President Vargas of Brazil. The passive acquiescence of people to the voice of authority, whether it be good or bad, is easily secured. The people of Rome acquiesced to the immoral and criminal indulgences of the Prætorian guard for two hundred years, while an empire was decaying and falling apart.

There needs to be a rebirth of support for the very bases of our government. A new attitude must be aroused. Men of character, strength, and good will must be willing to work for the support of a government by law, a system of private property and free enterprise, a scrupulous attention by our government to its own proper field of action. Local and national



affairs which can be handled or managed by private individuals or properly organized groups of individuals should be left alone by our government. Competent exercise of the police power, care for national defense, development of harbors, water ways, flood control, social security, education, foreign relations, etc., are proper problems for government. Whenever government ventures onto questionable ground or assumes dubious prerogatives, it should be made to state its case and defend its actions. This nation and all its opportunities outside of these fields of necessary governmental operation should belong to individual citizens acting within the law.

Individual self-reliance is another simple requisite for a nation of free men. This spirit is ebbing. There is too great a willingness to turn to the government or to the labor unions for the security which in the final analysis can be secured only by individual fortitude, energy, and determination.

There should be a more active and determined opposition to the growth or expansion of governmental fields of operation. As stated before, government is inevitably spreading in size, scope, and influence. Unless that expansion is curbed, opposed, restrained, it will exceed its own necessary growth and overrun our nation and its people. Old age is likewise inevitable, but the intelligent person retards its advance instead of accelerating it.

It was Woodrow Wilson who stated during the first World War, "The best form of efficiency is the spontaneous cooperation of a free people."

It was Winston Churchill who said during World War II, "We must beware of trying to build a society in which nobody counts for anything except a politician or an official—a society in which enterprise gains no reward and thrift no privileges."

The strength of civilization lies primarily in the character, ability, and resources of the individual. This is well recognized in our Western civilization where maximum values are placed on the lives of individuals. The individual then, in our battle for progress and more perfect freedom, is in the front line. His government may be likened to his reserve strength. He wants to call on it only in cases of emergency, cases of necessity. This is true in the case of his quest for a peaceful life, his struggle to support and advance himself economically, his efforts to remain financially solvent. The individual should be given every opportunity (he already has the obligation) to settle all problems which face him with his own resources and his own powers. Government should step in only as a last resort. Our government in recent years has assumed an attitude of opposition to this principle.

Our nation is a constitutional democracy. It is therefore a restricted democracy. The rights of the various minorities are not at the complete mercy of the majority. That majority is, or is intended to be, regulated by the requirements of "due process." The founders of our government intended to safeguard this "due process" by establishing a government of limited powers and a government of checks and balances. Man has not yet found a satisfactory substitute for the balancing of powers. It was intended under the Constitution that the Congress would be the dominating influence in our government and it was expected that it would be the most difficult to restrain within approved limits. The Executive today, however, has outdistanced Congress in the struggle for power.

In the matters of social legislation the Constitution makers left the work bench on which the framework

of social justice could have been put together. The state and national governments over a long period erred by failing to amend and to legislate and to take positive action on this vital subject.

The Constitution makers were of course incapable of envisioning the great era of rapid communications produced by steam, gasoline, radio, airplane, and cinema. Many of these present-day factors play directly into the hands of demagoguery in a free and democratic nation. They contribute mightily to the control of our world by talkers instead of doers, by those who have the sly "gift of gab" and the dramatic appeal. These factors are as yet uncontrolled and the people's response to the continued barrage of propaganda from the minority or selfish interests and from the government itself today create problems in government undreamed of in 1787.

Unfortunately, our country has had too small a number of honest and capable students of government in positions of political leadership during the past seventy-five years. The national scene has had too few such men as Rutherford B. Hayes, Chester A. Arthur, Grover Cleveland, Theodore Roosevelt, William Howard Taft, and Woodrow Wilson. Charles Evans Hughes spanned the era of 1910 to 1939 and within recent years the meteor-like trail of Wendell Willkie crossed the horizon. These men are the exceptions rather than the rule.

The group in our nation which now contributes the most to leadership in the professions, in commerce and industry must return to the practices of the early days of our Republic and begin to contribute more leadership to government. It is unnecessary to state that this great group of Americans not only contributes disproportionately to the improvement of American life, but that it likewise benefits disproportionately. That

is, in this country, it has paid to be individually successful in a business or a profession. It is, therefore, only a matter of common sense and self-preservation for this group to contribute more generously to political leadership than has been its recent practice.

The founders of our nation expected such a condition to prevail. They expected those most able to lead actually to lead and operate the government. That expectation, during the past seventy-five years, has been largely unfulfilled. A glaring example of this failure is our present Congress. It is a large body of supposedly representative men. It has been neglected, walked over, and bitterly criticized during recent years. Unfortunately, much of this has been justified. Congress, in large part, has been made up of incapable or mediocre men. Many of them were even incapable of self defense. They lived their lives in prolonged efforts to stay out of controversy or in avoiding opposition.

There is no such safe place in life for strong men and honest men. Congress was not a rubber stamp for the decade of the 'thirties entirely because of a strong Executive. It was a weak branch of the government because in the halls of the Capitol walked men of small calibre, narrow outlook, and variable integrity. Very few Congressmen, new to the Capitol, developed or exhibited national stature during the years 1930 to 1940. This condition thereafter began to correct itself and Congress is now reasserting its own character. Better men are again beginning to fill its chambers.

The example of our National Congress is duplicated hundreds of times in our City Councils, State Legislatures, Boards of Supervisors, Boards of Aldermen, and township personnel. We can and should contribute a better class of men and women to the offices of our government. In fact we must do so if we care to

preserve our representative form of government. The legislative branch of government should and must be the people's branch. It must be the strong and representative branch. It is the division of government whose powers normally are so great as to require balancing powers and restrictions in order to prevent its preeminence in, and domination of government. Our people are walking in the shadow of danger when its Congress loses power, when the influence of the Executive becomes so great as to dominate the Legislative arm or the Judicial arm. The people need a strong Congress of strong men. Under our form of government it is absolutely imperative.

In the attempt to secure better agents of government it might be practical to grant life pay to members of Congress who have been elected to office a second or third time. This is by no means a new suggestion. It has the great merit of eliminating the financial worries over re-election after the member has secured the favor of his electorate for two or more consecutive terms. It would also attract better men to the Congressional contests and the cost of the pensions would be insignificant in comparison with the improvement in our legislative branch of the government.

It is obvious to all reflective men that the complexities of modern life require an enlargement of governmental activities and payroll over that which prevailed prior to the New Deal. It is the extent and character of the expansion that must be kept under constant scrutiny. Our government today has become top-heavy and onerous. It is clumsy. It has grown too rapidly and too unhealthily. Every reasonable effort must be made to whittle down the size of this present gargantuan organization. Major operations should be performed.

Today we are everywhere beset by propaganda and contradictory claims. We should be able to secure clearer statements of the truth about national affairs. The Ten Commandments after two thousand years are still quite generally accepted. We know what they mean. The laws of our nation and the provisions of our Constitution mean what they say, and say what they mean, in most cases, and the meaning is reasonably clear. Honesty in our government is possible. Its reappearance will be hastened by a demand from our electorate that our chosen representatives "come clean" in their handling of public affairs. Truth need not be hidden under a cloak of ambiguity.

One of the greatest improvements that could be made in current government would be in the improvement of policing powers and the administration of justice. This is the greatest legitimate field of government except for the national defense. Yet it is the field of greatest neglect. The agents of government have slipped away and neglected the improvement of it while they tinkered with economic problems about which they seem to have an abysmal ignorance. Laws are poorly enforced, justice is delayed, legal codes have become a jumble and a tangle in a no-man's land into which the legal profession occasionally ventures a short way. The people await a clarification and a codification of laws, rulings, directives, and orders. The people await a clean-up of the practice of law which will result in a search for justice rather than a scramble for fees. They await the appearance of an effort to promote progress rather than to obstruct it. The people await reformation of court procedure wherein the judges may become more than helpless figureheads quietly watching the battle of wits before them. The people await revised procedures for the quick settlements of civil suits. The people await the

time when apprehension, early trial, and swift application of justice reaches the petty and vicious criminal who now roams the streets and highways of big cities with only an occasional and brief spell of incarceration under arrest or sentence, otherwise as free as any citizen. It is toward the improvement of the police powers and the administration of justice that government could well turn its attention. Like most agencies, however, which are negligent in their duties, the government is quite willing to reform everything and everybody except itself.

A part of the improvement of the police powers would be an improved protection of private property. Private property is, in actuality, a part of a person's life. Protection of it should extend over high and low, rich and poor. A fine step in this direction was the Securities Exchange Act passed in 1934. It was legislation long needed and it is being reasonably well enforced. Such protection, extended to the individual investor, should be extended to the owners of operating properties in labor disputes where there has been a sad neglect during the past period of strike violence, sit-downs and non-peaceful picketing. Protection of private property is a function of the courts in case of patent right violation, bunko-artists' operations, unjustified operations of corporation management, fraudulent promotion schemes, and flagrant impositions on the public.

Another improvement for which we should strive is the use of better men and better-trained men in the appointive personnel of government. Back in 1930 Winston Churchill advocated that Economic Government—the field of specialists—might well become the responsibility of a kind of Parliament of Experts. We might have had the beginnings of that here in 1933 with this "Parliament of Experts" subordinate to our

representative government but the experts of the New Deal generally turned out to be fifth columnists for the Administration and torch-bearers for the political party which had appointed them. They were biased and were intent on their own tenure of office and the enlargement of their interests. Failure in their particular field did not mean demotion nor dismissal provided that they had been politically loyal. In other words, we had a more or less mild and benevolent edition of Fascism.

An expanding and progressive government of today should be filled with trained and capable men. This is particularly true in our State Department. There we should establish basic policies, not for overnight but for a decade, for a century. The shrinkage of the world is crowding foreign policies into our own domestic front yard and into our own domestic economy. We, by all means, should build up a non-partisan personnel, trained in problems of national and international importance, both political and economic. We need a working liaison between Congress and the State Department. The historian, Charles Beard, recommended that Congress confine its attention to the general aspects of important problems including foreign relations and leave such matters as pensions, public roads, public works, and other specific matters to the administrative end of our government. This is somewhat akin to the ideas of the founders of our Constitutional government.

In the field of foreign relations today the Executive wields enormous power. The Congress seems to be able only to create discord and stir up confusion. It jealously guards its rights in the handling of our international relations while the President and State Department go ahead and arrange the agreements. The Executive branch of the government within a



hundred and fifty years has concluded over twelve hundred foreign agreements, some of them of great importance, through executive agreement with foreign powers with only a majority vote from Congress. The two-thirds rule of the Senate is frequently bypassed by the President as was the case in the annexation of Texas, purchase of Alaska, and annexation of Hawaii. If Congress intends having anything intelligent to say about foreign relations, it had better prepare itself and speak up.

Another field for the continued use of trained personnel would be in a department of public works which is now badly needed. Public works have come to loom large in the realm of government. Their administration today is scattered from "a" to "z." The Army Engineers have much of the field. The Department of the Interior, the Treasury, Federal Works Administration, and other agencies share the opportunities and the responsibilities. This widespread and scattered activity might well be consolidated under a Department of Public Works with a head of Cabinet rank. Some progress has been made in this direction.

Our tax system of course needs overhauling and clarification. The present tax laws and Treasury regulations are utterly incomprehensible to the average layman. Taxes are not only confusing, overlapping and difficult of collection; in many cases they are almost confiscatory. The entire structure needs revision. Less emphasis should be placed on income taxes and more on inheritance taxes. Income taxes, too often, are a penalty on productivity. Inheritance taxes should care for the disposition of the great industrial fortunes as the reform laws of primogeniture and fee entail cared for the breakup of the great landed estates. A good tax system should encourage men to produce; then prevent any industrial or fi-

nancial kingdoms from being passed to generation after generation through inheritance. Stiff inheritance taxes should tend to keep estates liquid and solvent which in turn should prevent some of the evils of expanding vast economic control in the hands of single owners. In this direction it might also be beneficial to curb forward buying. The widespread installment buying undoubtedly aggravated the 1930 depression, caused individual distress and bankruptcy and brought about the ruin of many business establishments. It is an evil which should be subject to control. A cash or pay-as-you-go basis should be a preferable one for a commercial nation.

The curtailment of unemployment or conversely the provision of employment is a basic requirement in an industrial nation. An unemployed people is an unhappy and unruly people. Work, whether it be great or small in amount, gives meaning to life and stability to life. There are many fallacies, however, concerning work. There is the mistaken idea that we can divide the work, shorten the week, and thereby provide work for all. Work itself provides more work.

People work and produce, have industry and commerce because their ambition to work is innate. Human industrial and commercial activity are not caused by laws. We do not "make work" by edicts. We may artificially cause people to labor on so-called "made work projects." This is generally a waste of time and effort. We work and perform tasks because we want the results of our labor. Likewise our bodies and our minds crave activity. We work and create because of these innate tendencies. The desire for what we create or for what others create causes us to continue with our work. The problem is not to make work, but to allow it, not to create opportunities, but to keep them open. As far as our Nation can judge from the past,

a free economy is the best arrangement for achieving these results.

Our Nation today stands on the threshold of a remarkable new era. The advances of science and the accumulations of science in chemistry, physics, mechanics, electricity, and other fields are indications of the remarkable panorama which is about to spread out ahead of us. We acknowledge and are alert to the ethical and human problems which face us. Our darkest hours were found in yesterday's history. Our hope for tomorrow can be based on nothing more tangible, more real, nor more rational than the belief in free men. To be free we must be able to move. As we move, we think and as we think, we learn. We learn in freedom, we grow in freedom. In freedom we advance toward that majesty of mind and spirit which enriches and ennobles man. Man's very dignity and worth rises from his ability to reason and his freedom to follow the light of his reason. It rises from his freedom of selection between good and evil. This freedom blossoms most prolifically where there is a minimum of governmental overlordship and where harmful vested interests are restricted in size and number.

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